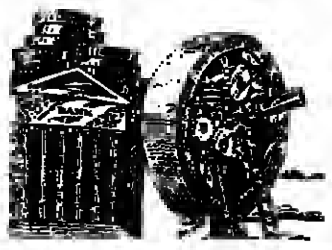
FINANCIAL TIMES

Poland

Confirming democracy

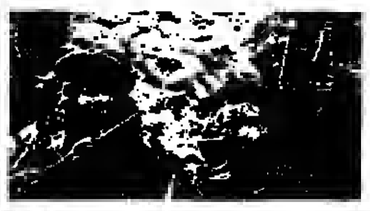
Page 2



Credit risk

New tools for measurement

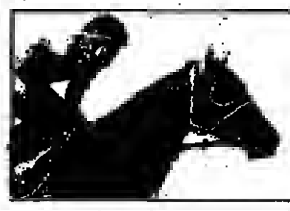
Page 13



Afghanistan

Taliban stopped in its tracks

Page 6



FT WEEKEND

Racing into the cyber age

TOMORROW

World Business Newspaper http://www.FT.com FRIDAY APRIL 4 1997

role reversals: women in suits, men in salons & tugs as yachts. how to spend it magazine

Guilty verdict in $1.2bn BCCI loan fraud trial

Abbas Gokal, former chairman of the Gulf Group shipping empire, was convicted in London of a $1.2bn fraud on the depositors of the failed Bank of Credit and Commerce International, the largest single fraud in British history. He will be sentenced on May 6. Page 14

S Korea accused of trade barrier: The European Union threatened to take South Korea's "frugality" campaign to the World Trade Organisation, saying it amounted to a non-tariff barrier against foreign consumer products. President Kim Young-sam last summer called for less "luxurious consumption" to help cut the country's record current account deficit of $24bn. Page 14

German industry boost: Industrial production in Germany rose by a seasonally adjusted 1.9 per cent in February, making up for January's 1.5 per cent weather-induced decline and bringing the year on year increase to 7.1 per cent. It raised hopes that the economy could be back on a growth path. *Page 2*

Chirac backs Czech Nato entry: French president Jacques Chirac told Czech leaders that France would do everything possible to help the Czech Republic become a member of Nato by 1999 and of the European Union by 2000. Slovaks object to Czech entry, Page 2

Coca-Cola Amatil, the Australian-based beverage company, is acquiring the soft drinks operations of San Miguel in the Philippines, adding a "fourth leg" to operations that already cover Australia, Europe and *Asia-Pacific*. Page 15; Lex, Page 14

Okinawa row builds in Japan: The Japanese cabinet endorsed a controversial proposal to allow it to compel the leasing of land in the southern island of Okinawa to the US military, against bitter opposition to the bases from residents. Page 14

Bangladesh cites 36 in market fixing: Trading on Bangladesh's stock exchange came to a halt after judges ordered the arrest of 36 brokers and officials for allegedly manipulating share prices during a six-month bull run that took the Dhaka index from 700 points to 3,700. Thousands of investors lost their savings in a November crash that saw the index plunge 1,200 points in hours. Page 4

Beijing goes unleaded: China will ban the sale of leaded petrol in Beijing from July 1 to reduce pollution, converting 299 filling stations to unleaded. Next year it will ban vehicles using leaded petrol. Motor vehicles have quadrupled in the capital to 1.1m in 11 years.

Albanian footballers seek asylum: Spain said eight players and a trainer from an Albanian football team, believed to be the national under-21 side, had requested asylum.

Sweden raises refugee exit bonus: Sweden has offered a five-fold increase in its maximum payment of $1,000 to refugee families who agree to return home. It has some 125,000 refugees, many from the former Yugoslavia.

JP Morgan, the blue-chip US bank, has been censured by US bank regulators for the handling of its relationship with Sumitomo Corporation, the Japanese trading company which lost $2.6bn in illicit copper trading last year. Page 15

Caterpillar, the world's leading manufacturer of earth-moving equipment, announced a joint venture in China's *Shanxi province to produce* castings for diesel engines.

Dubai coup for US jockey: American Jerry Bailay rode English-trained Singspiel to victory in the world's richest horse race, the $4m rain-delayed Dubai World Cup. Bailey, who won the race last year on Cigar, hrought Singspiel home ahead of US-trained entries Siphon and Sandpit.

FT.com: the FT web site provides online news, comment and analysis at http://www.FT.com

US food poisoning hits Mexican trade hopes

By *Nancy Dunne* in Washington and Daniel Dombey in Mexico City

Mexican hopes for an early expansion of the North American Free Trade Agreement (Nafta) were set back yesterday as it became clear that strawberries blamed for 153 cases of hepatitis among US schoolchildren in Michigan had been grown in Mexico.

Thousands of American children were being inoculated against hepatitis A – a mild form of the infections liver disease – and panic spread as it emerged that the frozen strawberries had been shipped for use in school lunches in up to six states.

US food safety officials said they were considering action against Andrew & Williamson, the California food processor which is a subsidiary of Epitope Inc, *for distributing the strawberries. Only American*-grown food is permitted in the federally-financed school lunch programme. The president of A&W has resigned following the outbreak.

The hepatitis onthreak is the latest in a series of misfortunes haunting Nafta. California has introdnced legislation imposing US safety and licensing standards on foreign trucks and drivers – overriding *Nafta – after an accident* involving a truck driven by a Mexican national in which four Americans were killed.

The US has suspended rules allowing Mexican huses to take passengers across the border, citing safety and environmental reasons.

Opponents of Nafta have argued that food grown in Mexico, which they say could have been irrigated hy polluted water or have come into contact with pesticides, could contaminate the US food supply.

But Mr Jaime Zabludovsky, Mexico's deputy trade minister, said the strawberry scare could not be used as an excuse for protectionism.

US officials have not determined whether the strawberries were contaminated when they were picked in Mexico or processed in the US. The virus can be transmitted through human waste, by food handlers with poor hygiene or through tainted water or ice.

"All it takes is one sick worker in the field and you have contaminated a batch of strawberries," said Mr Ray Gilmer of the Florida Fruit and Vegetable Associations.

Investigators said shipments of the berries had gone to southern California, Arizona, Georgia, Iowa and Tennessee. They urged consumers not to panic.

German chancellor wants to oversee introduction of single currency

Kohl says he will stand for re-election

By Ralph Atkins and Peter Norman in Bonn

Chancellor Helmut Kohl of Germany last night announced he would seek re-election next year to oversee the introduction of the planned European single currency and the expansion of Nato.

The early decision ended speculation about his future and signalled his determination to tackle domestic difficulties and to ensure Germany would meet the Maastricht treaty criteria for European economic and monetary union.

Mr Kohl – 67 yesterday and already Germany's longest-serving post-war chancellor – acknowledged the depth of the country's economic problems, saying it would "be difficult" to achieve the Maastricht criteria on schedule. But in his interview with ARD television, Mr Kohl insisted: "We will achieve both – the date and the criteria." Monetary union is due to start in January 1999.

He also backed away from his aim of halving Germany's unemployment level of 4.67m by 2000, although he expected strides to have been mada towards the goal.

Mr Kohl's announcement, made while on holiday in Bad Hofgastein, Austria, should end jostling within the Bonn coalition between possihle successors, which had provided a distraction in recent months. It will put pressure on the opposition Social Democratic Party (SPD) to name its candidate for chancellor in federal elections due in autumn 1998.

"I'm standing because I believe it is my duty in the current situation," Mr Kohl said. But he left open the question of whether he would serve a full four-year term after 1998.

Mr Wolfgang Schäuble, the parliamentary leader of Mr Kohl's CDU/CSU, who was tipped as a successor, described the move as a "good decision", saying Germany needed a leader with authority and "considerable power to push things through".

The SPD said it would stick to its plans to nominate its candidate next April after elections in Lower Saxony, which will provide a test for Mr Gerhard Schröder, the state's prime minister and e possible rival to Mr Oskar Lafontaine, the SPD leader.

The SPD warned that the chancellor risked endangering the German consensus supporting European monetary union by considering cuts in welfare to meet the Maastricht criteria for public deficits.

It accused the government of creeting uncertainty over whether the *Maastricht* timetable would be achieved and added that the treaty allowed room for exceeding the criteria in exceptional circumstances.

The SPD also warned that unless a commitment by European Union states to a job creation package was included in revisions to the Maastricht treaty, the SPD would not vote for its ratification.

Mr Kobl cannot afford to ignore the SPD because it dominates the Bundesrat, the second parliamentary chamber. Mr Theo Waigel, finance minister, has faced a stalemate recently in negotiations over tax cuts seen hy the government as important for stimulating Germany's economy.

Mr Waigel has also inflamed relations by suggesting that more walfare benefits might have to be cut. But Mr Kohl appeared to distance himself from Mr Waigel's remarks, saying "income support has absolutely nothing to do with the Euro". Trimming social benefits was needed to create incentives to work, he said. The chancellor said the decision on his future was conditional on support from his party.

Editorial Comment, Page 13
Observer, Page 13

German cbancellor Helmut Kohl yesterday after saying he would stand for a fifth term Picture: AP

Airbus partners are urged to retain own plants

By Michael Skapinker, Aerospace Correspondent

Aerospatiale of France is pressing for Airbus Industria to be turned into a union of national aircraft makers, *rather than* a European organisation controlling all its own manufacturing and research and development.

French observers say Aerospatiale is arguing that the four companies which own Airbus – the others are Daimler-Benz Aerospace (Dasa) of Germany, British Aerospace and Casa of Spain – must retain some of their own manufacturing and research facilities if they are to persuade their governments to invest in future aircraft.

These views will put Aerospatiale in conflict with BAe and Dasa, which want Airbus to take full responsibility for manufacturing. The four agreed last year to abandon Airbus's status as a *Groupement d'Intérêt Economique* and turn it into a limited company, but left unresolved which of the partners' factories would be transferred to it.

The French company has also dismissed a suggestion by BAe that future Airbus executives be appointed without regard to nationality and that headhunters be used to find them. The managing director of Airbus has traditionally been French and the chairman of the supervisory board

Continued on Page 14

Wallenberg to be replaced by Barnevik at Investor

By Greg McIvor in Stockholm

Mr Percy Barnevik, one of the most respected figures in international management, is to head Investor, the main holding company of Sweden's Wallenberg industrial empire, and spearhead the company's *planned expansion abroad*.

He will replace Mr Peter Wallenberg, Sweden's most powerful industrialist and head of Wallenberg, who will step down as chairman of Investor.

Mr Barnevik, chairman of ABB, the Swedish-Swiss engineering group which is half-controlled by Wallenberg, forged ABB into a global engineering leader following the 1988 merger of Sweden's Asea with Brown Boveri of Switzerland.

Mr Wallenberg said yesterday that Mr Barnevik's international experience would be valuable to Investor's planned expansion. Investor, whose interests are mainly domestic, wants to invest up to 10 per cent of its capital outside Sweden. It is seeking to reduce its exposure to cyclical industries in favour of technology and media stocks.

In 1993, Investor's future was clouded by debts of $1bn and a recession which plunged several *of its leading companies* into losses. A restructuring drive helped to overcome the debts. The successful flotation last year of a large stake in Scania, the Swedish truckmaker, raised Investor's cash pile to about SKr10bn ($1.3bn).

The withdrawal of Mr Wallenberg from Investor is a milestone in the transfer of power to the fifth Wallenberg generation, represented by his son Jacob and nephew Marcus.

On his 70th birthday, last year, Mr Wallenberg relinquished directorships of Wallenberg-controlled companies – bar Investor. He stressed that he would remain chairman of the family foundation which controts Investor. He intends to continue consultancy work on Investor's behalf.

Family interests include dominant stakes in Ericsson, the telecommunications group; Electrolux, the appliance maker; Astra, the pharmaceuticals group; SKF, the ball-bearing manufacturer, and Stora, the forestry group.

Early this year, it was announced that Mr Leif Johansson, chief executive of Electrolux, a Wallenberg company, would head the Swedish motor group Volvo. However, speculation that this signalled increased Wallenberg influence over the carmaker was tempered by the appointment of a Volvo executive as chairman.

Mr Barnevik stood down as ABB chief executive at the beginning of the year hut remained as chairman. He recently became the first non-American appointed to the board of General Motors, the US car group.

STOCK MARKET INDICES

New York lunchtime		
Dow Jones Ind Av	6470.56	(-46.45)
NASDAQ Composite	1207.17	(+6.17)
Europe and Far East		
CAC40	2514.52	(-15.76)
DAX	3215.24	(-86.87)
FTSE 100	4214.6	(-22.0)
Nikkei	18,129.31	(+92.01)

US LUNCHTIME RATES

Federal Funds	$5\frac{1}{2}$%
3-mth Treas Bills: Yld	5.249%
Long Bond	$94\frac{3}{8}$
Yield	7.074%

OTHER RATES

UK: 3-mo Interbank	$6\frac{3}{8}$%	(same)
UK: 10 yr Gilt	$96\frac{5}{32}$	($96\frac{1}{32}$)
France: 10 yr OAT	96.69	(96.80)
Germany: 10 yr Bund	99.73	(99.92)
Japan: 10 yr JGB	105.8982	(105.860)

NORTH SEA OIL (Argus)

Brent Dated	$17.31	(17.96)

GOLD

New York: Comex		
(Apr)	$347.4	(349.2)
London:		
close	$348.85	(350.85)

DOLLAR

New York: lunchtime		
£	1.6463	
DM	1.6675	
FFr	5.615	
SFr	1.4316	
Y	122.645	
London:		
£	1.6413	(1.6445)
DM	1.6683	(1.6703)
FFr	5.620	(5.6465)
SFr	1.434	(1.444)
Y	122.755	(123.265)
Tokyo close:	Y 122.765	

STERLING

DM	2.7381	(2.7468)

CONTENTS

LONDON · LEEDS · PARIS · FRANKFURT · STOCKHOLM · MADRID · NEW YORK · LOS ANGELES · TOKYO · HONG KONG

Slovaks object to Czech Nato entry

By Vincent Boland in Prague

Slovakia is trying to obstruct Czech membership of Nato by claiming that Prague is refusing to discuss outstanding issues arising from the "velvet divorce" of the two countries.

"One of the conditions for Nato membership is the settlement of outstanding problems with neighbours," an official statement released this week said. "We therefore consider it necessary to draw the ettention of Nato member states to the fact that the Czech Republic has not fulfilled this condition in relation to the Slovak Republic."

The government was referring to disputes over gold reserves, cross-ownership of banks, and the ownership of Czechoslovak national treasures following the split at the end of 1992. The Czech Republic "does not negotiate, nor does it want to negotiate" on these issues, the statement said.

Nato sources queried Slovakia's interpretation of the criteria for membership. While prospective members were encouraged to settle disputes with neighbours there was no set list of conditions to be met before joining. "I don't think this [dispute] is going to block or reduce Czech or Slovak chances of joining Nato," one source said.

Mr Václav Klaus, the Czech prime minister, is due to discuss Nato membership in Brussels on April 14. Mr Pavol Hamžík, the Slovak foreign minister, is due to hold similar talks on April 17 but there is widespread belief thet Slovakia will not be invited to join in the first wave of expansion, expected to be announced in July at a Nato summit in Madrid.

Diplomats said questioning by Mr Vladimír Mečiar, the Slovak premier, of Czech claims to membership was an attempt to blame external causes rather than internal instability for Slovakia's almost certain failure to be included.

Slovakia's political instability is the main reason for its exclusion. The country's turbulent transition to democracy has been characterised by the prime minister's long-running political battle with President Michal Kováč, who, though holding a neutral office, is now the *de facto* leader of the opposition. A close relationship between the Slovak and Russian secret services that some western observers suggest bas military intelligence implications is also seen as an obstacle in the country's path.

"Slovakia will not join Nato this time because it is not seen as a reliable ally," a diplomat from a Nato member country said. Though membership remains the main foreign policy goal, Mr Mečiar's true stance is ambiguous. A referendum is to be held next month in which voters will be asked whether they favour accession, and if they want nuclear weapons and foreign troops on Slovak soil.

Opinion polls suggest most Slovaks do not want nuclear weapons or foreign troops on their soil. A constitutional ban on nuclear or conventional forces could complicate eventual Slovak membership. One observer said the referendum showed the government's confusion on what the attitude to Nato should be and said it was "a contradiction of what Nato is aboot".

Nato expansion, Page 12

FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Nibelungenplatz 3, 60318 Frankfurt am Main, Germany. Telephone ++49 69 156 850, Fax ++49 69 596 4481. Represented in Frankfurt by J. Walter Brand, Wilhelm J. Brüssel, Colin A. Kennard as Geschäftsführer and in London by David C.M. Bell, Chairman, and Alan C. Miller, Deputy Chairman. The shareholder of the Financial Times (Europe) GmbH is Pearson Overseas Holdings Limited, 3 Burlington Gardens, London, W1X 1LE. Shareholder of this company is Pearson plc, registered at the same address.
GERMANY:
Responsible for Advertising content: Colin A. Kennard. Printer: Hürriyet International Verlagsgesellschaft mbH, Admiral-Rosendahl-Strasse 3a, 63263 Neu Isenburg ISSN 0174 7363. Responsible Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL.
FRANCE:
Publishing Director: P. Maraviglia, 42 Rue La Boétie, 75008 PARIS. Telephone (01) 5376 8254, Fax (01) 5376 8253. Printer: S.A. Nord Eclair, 15/21 Rue de Caire, F-59100 Roubaix Cedex 1. Editor: Richard Lambert. ISSN 1148-2753. Commission Paritaire No 67808D.
SWEDEN:
Responsible Publisher: Hugh Carnegy 468 618 6088. Printer: AB Kvällstidningen Expressen, PO Box 6007, S-550 06, Jönköping.

Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL.
R

Re-start of stalled lending programme is vote of confidence for the economy

IMF resumes $10bn for Russia

By Chrystia Freeland in Moscow

The International Monetary Fund is set to re-start a stalled $10bn lending programme to Moscow, in an influential vote of confidence in the Russian economy and President Boris Yeltsin's recently appointed government team.

After three days of meetings with senior leaders in Moscow, Mr Michel Camdessus, IMF managing director, yesterday announced the decision, describing it as "en important development" which could set the stage for strong, sustained growth and low inflation in Russia next year.

"I have decided to recommend to go ahead with the second tranche of this agreement," Mr Camdessus said, referring to the 1997 stage of the three-year loan programme which the IMF began to disburse last year.

In recent months, the programme had run into trouble because of IMF concerns over poor rates of tax collection. Those objections led to the auspension of three monthly tranches of the loan, worth about $1bn.

The personal intercession of Mr Camdessus, who has staked much of his reputation on Russian reforms, appears to have swept away these blocks.

Mr Camdessus said no immediate decision had been taken about the suspended tranches. But by giving the green light to the overall programme for 1997, the IMF chief sent a signal to investors and politicians that in the near future, the Fund's money will again begin trickling into Russia.

Mr Camdessus insisted a final agreement with Russia and renewed disbursement of the loan would be contingent on the Kremlin keeping its promises to pursue structural reforms and toughen its efforts to boost revenue collection.

Underscoring the IMF'a view that an unwieldy tax system is one of the chief weaknesses of the Russian economy, Mr Camdessus said that concrete government moves to reform the tax code would bs one important pre-condition for a re-started flow of money.

"I must tell yon that the government has accepted that the transmission of the tax code to the State Duma [parliamant] he a prior action to the disbursement by the IMF," he said. "They accept that we don't start paying them before they have completed this work."

Mr Camdessus, who has been a cheerleader for the Russian reform effort since its outset, praised the new government line-up brought in last month by Mr Yeltsin.

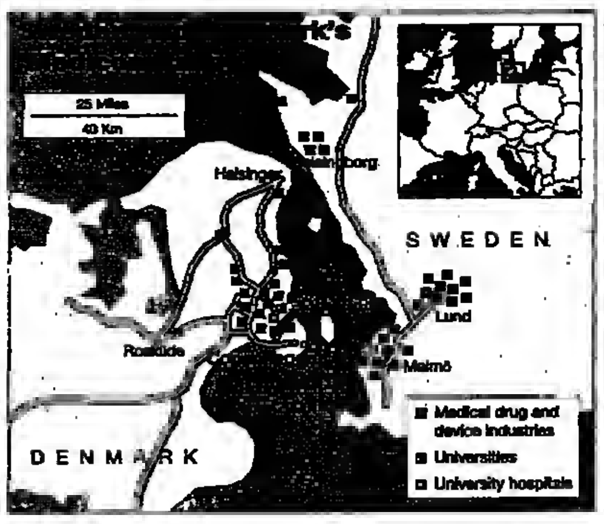
"It is for me a matter of even bigger satisfaction to see, to have met, a team totally committed to this effort of stabilisation and reform," Mr Camdessus said.

But the IMF chief spoke out strongly against the close connection between business and government, a trend which has amerged sharply over the past year and sparked eome of the most intense attacks on the Kremlin by the opposition.

"I hate to see too many entrepreneurs in the antechambers of ministers," Mr Camdessus said. "You cannot build a market economy on this basis. This is why I call for an arm's-length relationship between enterprises and the government.

"Progress must be made in this country in this respect. I want to go on record as insisting on that today in Russia."

Swedes and Danes to form 'Medicon Valley'



By Hilary Barnes in Copenhagen

Companies, bospitals and universities in Sweden and Denmark yesterday united to promote the area either side of the narrow stretch of water between them as "Medicon Valley" – a region for medical related industries. The concept's promoters hope the new 16km road and rail bridge linking Copenhagen, the Danish capital, with Malmo in Sweden – due to open in 2000 – will help development of a medical-industrial complex, acting as an engine for regional development.

Yesterday the Medicon Valley Academy was set up in Copenhagen with a board comprising academics, hospital directors and industrial executives from both sides of the sound, and an initial budget of DKr20m ($3m).

"The academy's job is to put us on the world map," said Mr Per Belfrage, dean of the medical faculty at the University of Lund, in Sweden. It has been set up to promote the region as a centre of medical and bio-technical research and production, and to attract international investment. The academy's founders bope that the bridge will boost contacts across the sound and that the industrial-scientific communities will benefit from cross-border stimulation.

There are two large universities in the area – Copenhagen and Lund – three university hospitals, and about 40 pharmaceutical and medical-technical manufacturing companies with export production value close to $4bn employing a total of about 100,000 people.

Many prominent Scandinavian medical technology and bio-technology companies are based in the area, including Gambro, the Swedish company renowned for dialysis equipment; most of the research and manufacturing facilities of Astra, the Swedish pharmaceuticals company; and Novo Nordisk, the Danish insulin and industrial enzymes group.

Mr Belfrage said Medicon Valley Academy would seek to establish an electronic bridge across the sound – a "virtual Oresund University" – to exchange ideas and experience.

As well as marketing the area internationally, it would set up a regional technology transfer office to support the industrial exploitation of research.

New constitution divides Poles

Parties are split over stewardship of democracy, writes **Christopher Bobinski**

A parliament dominated by the political heirs of Poland's communist era approved a new democratic constitution for the country this week.

The democratic reforms it is designed to underpin were introduced by the anti-communist Solidarity movement which peacefully toppled the old regime in 1989. Its supporters deeply resent the fact that these principles are being enshrined by former communists.

A referendum on the new constitution on May 25 therefore promises to become a politically fraught dry run for parliamentary general elections in September.

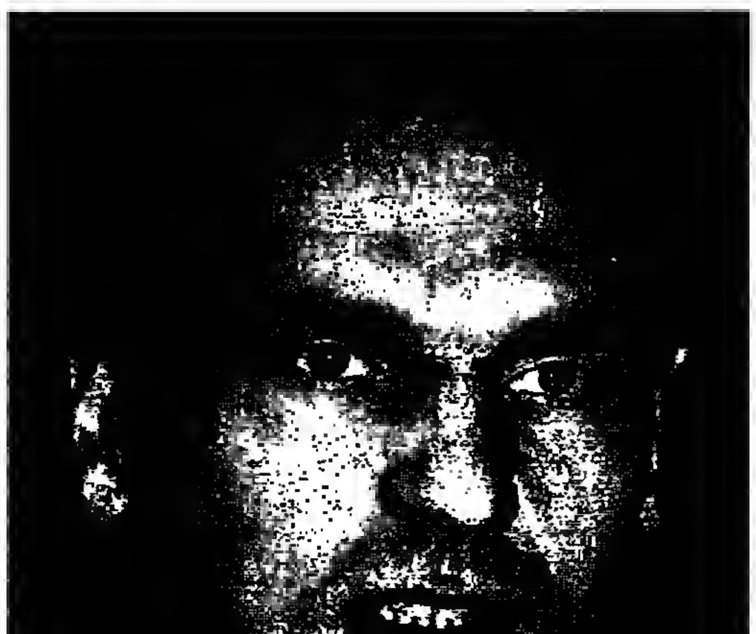
Current opinion polls indicate thet the country is split 70 per cent in favour and 30 against.

The new constitution, designed to replace the much amended communist-era document enacted in 1952, guarantees many of the social rights promised by the old regime, including free basic education and health care and state responsibility for social insurance and encouragement of bouse-building and job creation.

In a reflection of the post-communist commitment to market reforms and macro-economic stability, however, the new constitution also caps the public debt at 60 per cent of gross domestic product and forbids the central bank from financing the budget deficit. It also establishes an independent Monetary Council, headed by the central bank governor, which will assume responsibility for monetary policy.

The honour of placing before parliament a new constitution whicb "confirms the values and principles of the democratic state which lies at the root of the North Atlantic Alliance [Nato] and the European Union and are common to the western democracies", fell to Mr Aleksander Kwasniewski, the current president.

He was a youthful member of the last communist administration and played an important role in the peaceful transfer of power to the Solidarity movement. At the time it looked like the end of his political career. But after introducing painful market reforms, the anti-communist Solidarity alliance split.



Kwasniewski: placed new constitution before parliament AP

First it lost the 1993 election, then its candidate, Mr Lech Walesa, was defeated at the 1995 presidential elections.

Nearly 30 per cent of the electorate, those who voted for small rightwing parties which failed to clear the 5 per cent entry burdle, found themselves excluded from parliament. They are determined not to repeat the mistake this time around.

The opposition is centred on Solidarity's well-organised trade union wing, led by Mr Marian Krzaklewski, a 47-year-old graduate from the industrial district of Silesia with a doctorate in computer sciences. He masks his middle class origins with populist rhetoric.

His movement is currently at the heart of Solidarity Political Action (AWS), an alliance of rightwing political parties which is determined to wrest power from the Democratic Left Alliance (SLD) and its reluctant Peasant party allies. Opinion polls show AWS and SLD running neck and neck with around 25 per cent support each.

Mr Krzaklewski's AWS is allied to the nationalist Movement for Poland's Reconstruction (ROP) led by a former prime minister, Mr Jan Olszewski. Both are openly contemptuous of the new constitution. They say it fails to make a clean break with the communist past or to acknowledge fully the role of religion and the Roman Catholic Church in sbaping their nation'a destiny.

They also warn that clauses allowing for Polish entry into the EU and Nato could be misused to derogate sovereignty to other gronpings.

Other critics add thet the constitution fails to enshrine property rights or the right of trade unions to be consulted on incomes and other government policies.

Defenders of the draft passed this week say it essentially seeks to safeguard the basic freedoms and enshrine the constitutional practices of the past seven years. It reduces the power of the presidency and defines how executive powers are shared between the government, answerable to a parliament elected by proportional representation, and the president.

The president retains special responsibility for defence and security policy but there is no attempt to secure the decisive shift in executive power to the presidency once demanded by Mr Walesa, the Solidarity hero and former president.

The failure of Poland's successive parliaments to pass a new constitution until now stems from the resistance of most of the political class to Mr Walesa's stubborn campaign, when in office, to enhance his powers at the expense of parliament and the government.

To the dismay of the Poland's still influential Roman Catholic church the constitution does not ban abortion. Despite the hopes of the rightwing opposition parties looking for electoral support from the church, the bishops are currently keeping their heads below the political parapet.

Next week Mr Kwasniewski goes to Rome to see Pope John Paul, who plans another visit to his native land at the end of May. Before then the bishops hope thet progress will be made on parliamentary ratification of the Concordat, a treaty signed with the Vatican in 1993 which recognises the Church's rigbts in Poland.

The delay in ratification is mainly due to opposition from a strong anticlerical faction in the SLD. If the pragmatic Mr Kwasniewski could bring the anti-clericals around and deliver the Church a deal on the Concordat, bowever, the pay-off could be less opposition to ratification of the constitution.

Bonn details financial services plan

By Peter Norman in Bonn

The Bonn government's plans to modernise the country's financial services sector moved a step forward yesterday with the publication of a 392-page "discussion draft" of a bill to expand fund management in Germany and encourage risk capital formation.

Mr Jürgen Stark, state secretary, finance ministry, said more than 100 provisions of the "third financial market promotion law" would improve competitiveness of the German economy and help the country's financial sector compensate for the loss of the D-Mark after adoption of the euro, tha European Union's planned single currency.

The bill will be discussed with banks, stock exchanges and business lobby groups before it is sent to the cabinet "as soon as possible," Mr Stark said.

The government wants the legislation to take effect at the beginning of 1998, although it will first need to pass both houses of the Bonn parliament, including the Bundesrat, controlled by opposition-dominated state governments.

Key aspects of the bill were outlined by Mr Theo Waigel, finance minister, in parliament in February. Yesterday, in a reflection of growing concern in Germany over weaknesses in the state pay-as-yon-go pension system, Mr Stark said the bill would set the legal framework for a new type of "targeted fund" in which people could invest for extra income in their old age.

He said the finance ministry's plans were distinct from those of Mr Hans Eichel, Social Democrat prime minister of Hesse, who on Wednesday said he was considering legislation to encourage a system of pension funds to augment the state system.

The Bonn government did not see tbe need for far-reaching tax incentives, Mr Stark said. But it would establish guidelines for such funds, specifying, for example, that at least 51 per cent of tbe fund sbould be invested in shares or property, that no more than 30 per cent should be exposed to foreign exchangs risks, and that speculative derivative transactions should not be permitted.

The bill would authorise other fund types at present unknown in Germany, including "funds of funds", mixed equity and property funds and closed-end investment trusts. Existing funds would be given more freedom to invest.

The planned law would permit tracker funds, funds with fixed terms, would give increased scope for fund managers to use securities repurchase agreemants (repos), and ease restrictions on investments in closely held companias and property. The government also intends to restructure investor protection arrangements.

This is to increase investor confidence in German financial markets and improve the competitiveness of financial intermediaries.

While some penalties, including those for giving bad investment advice, would ba eased, others, including fines for producing misleading prospectuses, would be increased.

Ths discussion draft includes many measures to deregulate Germany's stock markets, with the aim of making it easier to obtain a stock exchange listing and increase the competitiveness of securities trading.

EUROPEAN NEWS DIGEST

Albania force 'in two weeks'

Mr Bashkim Fino, Albania's embattled prime minister, received assurances yesterday that a multinational force approved by the United Nations and led by Italy would be deployed within two weeks. Mr Fino discussed details of the deployment, which will attempt to protect a humanitarian relief operation, at meetings in Athens with Mr Franz Vranitzky, the Organisation for Security and Co-operation in Europe's special envoy for Albania, and Mr Hans Van Mierlo, foreign minister of the Netherlands, which holds the European Union presidency.

Italy and France will provide most of the 5,000 troops being sent to Albania, with smaller contingents from Greece, Spain, Turkey, Romania, Hungary and Slovenia. The force will guard the ports of Durrës and Vlorë as well as Tirana airport and guard convoys distribnting supplies across the country, including southern provinces still under the control of armed rebels. *Kerin Hope, Athens*

Russian 'torture' attacked

Amnesty International yesterday condemned what it called the systematic and widespread use of torture by law enforcement bodies in Russia and said President Boris Yeltsin was partly to blame. The London-based human rights organisation issued a report detailing cases of alleged torture of suspects and prisoners and urged the Russian government to stamp out the practice.

Ms Mariana Katzarova, anthor of the report, said: "Torture happens in police custody, in pre-trial detention, prisons and the army." She said the homeless and members of ethnic minorities such as Chechens faced the greatest risk. *Reuter, London*

Turkish 'crime ties' confirmed

A report by a Turkish parliamentary investigating committee yesterday confirmed suspected links between organised crime, politicians and the powerful security establishment. Parliament will not make the 3,000-page report public until next week, bnt press reports say the committee has supported demands by prosecutors for parliament to lift the immunity from prosecution of two MPs.

Parliament set up the committee after a senior policeman and a wanted gangster were killed in a car accident last year. *John Barham, Istanbul*

Doubts on UK gelatine

European Union scientists yesterday expressed doubt about the safety of British gelatine, raising the prospect of the EU ban on the beef by-product being reinforced. The scientists, meeting in a food safety committee, said it was impossible to guarantee thet gelatine was completely safe from BSE, or mad cow disease.

Mrs Emma Bonino, the EU food safety commissioner, said she would ask the Commission to take the scientists' views into account "in re-examining its decision concerning the partial and conditional lifting of the ban on gelatine exports from Britisb bovine products". The Commission eased the ban on gelatine – used in food, cosmetics and medicines – on June 11 on condition that tough processing rules were observed. *Reuter, Brussels*

Dutch 'head for growth'

The Netherlands, one of Europe's best-performing economies, should experience still faster growth this year and at least maintain it in 1998, according to the government's Central Planning Bureau. In its annual economic plan, out yesterday, the agency said gross domestic product growth, 2.75 per cent last year, was expected to reach 3 per cent in 1997, touching 3.3 per cent next year

Growth would be export-led, as the country's competitive position benefited from a recent softening of the guilder against the dollar and sterling: projections assume en average rate of Fl 1.80 to the US dollar (Fl 1.69 last year). Non-energy exports are forecast up 5.8 per cent this year (7.3 per cent in 1998), with the rise in imports plateauing at 5.5 per cent. The CPB warned: "Because of strong competition, the possibilities for achieving higher profit margins on exports are limited."

Personal consumption, up 3.1 per cent last year when it was a main spur to growth, is expected to fall back to 2.3 per cent. *Gordon Cramb, Amsterdam*

Deutsche Post contract

A Bonn court yesterday granted a temporary order upholding a contract between Deutsche Post, Germany's mail service, and a subsidiary of TNT, the Australian parcels group taken over last year by KPN of the Netherlands. Deutsche Post attempted in February to end prematurely the contract to organise traffic between 33 centres in Germany because TNT had been taken over by an "aggressive" competitor. Yesterday's order allows talks on a possible solution between the two sides. TNT described the ruling as an "important step" towards ensuring the contact ran until March 2000 as previously agreed. *Ralph Atkins, Bonn*

Malta to raise $315m

Malta's new Labour Government is to raise LM120m ($315.7m) to pay back unpaid bills left by the previous Nationalist administration. The money will be raised by issuing new government bonds, Mr Alfred Sant, Malta's prime minister, said. The move, combined with improved tourist receipts and new construction projects, will nudge the economy into renewed action. Malta's gross national product would continue to grow at 4.5 per cent, Mr Sant added. *Godfrey Grima, Valletta*

ECONOMIC WATCH

German output rises 7.1%

German industrial production increased by a seasonally adjusted 1.9 per cent in February, more than making up for January's 1.5 per cent weather-induced decline. This brings the year on year increase to 7.1 per cent over February 1996 and encourages hopes that the economy could be back on a growth path. While the construction sector recorded sharp output swings, the Bonn economics ministry yesterday reported that manufacturing output rose an adjusted 1.1 per cent in February after 1.5 per cent in January, "continuing the marked upwards movement of recent months". February's manufacturing orders also gave the ministry cause for cheer. Although orders, adjusted for inflation and normal seasonal changes, rose just 0.2 per cent compared with January, there was a 1.8 per cent recovery in hitherto lacklustre home orders.

Manufacturing orders in January and February combined rose by about 2 per cent compared with November and December. *Peter Norman, Bonn*

■ Spanish producer prices fell 0.1 per cent in February from January, but were up 0.5 per cent from a year earlier, the National Statistics Institute said. *Madrid, AFX*

NEWS: EUROPE

Madrid confident of being in the first wave when euro is launched

Spain aims for big cut in deficit

By David White and Tom Burns in Madrid

Spain aims to reduce its public sector deficit to "a bit below" 2 per cent of gross domestic product in the year 2000 as part of the convergence plans which it is due to present to the European Union, Mr Rodrigo Rato, economy and finance minister, said yesterday.

The plan covering economic targets for the next three years is expected to be approved by the centre-right cabinet later this month.

Mr Rato said in an interview it would include "a steady reduction" of the deficit. The government is trying to bring the figure down this year from 4.4 per cent to 3 per cent to fulfil requirements for joining the EU single currency at its planned start-up in January 1999.

He brushed aside suggestions the government might need to adjust its budget in the year in order to meet the target, but said it had prepared contingency plans in case this became necessary.

"A Plan B always exists," he said, but added: "At the moment there are no signs that the budget will be in difficulties. We do not have cause for worry."

However, he admitted the budget target was now regarded as the toughest of the monetary union criteria for Spain to meet, and would need constant vigilance.

Tax cuts, promised by the Popular party in the run-up to last year's general election, would if anything be "mild", he said.

The government was working on "two scenarios" – a freezing of tax rates or a slight reduction by the end of its four-year term. Income tax reform was meanwhile planned next year, aimed at simplifying the system.

A recent sharp slowdown in inflation had boosted confidence that the average rate for the year would be at most 2.8 per cent, just within tha expected target range. "This is no longer a criterion that worries us excessively," he said.

The convergence plan was likely to project a further fall in inflation to "close to 2 per cent" in 2000, he said, combined with sustained economic growth.

Mr Rato said recent indicators supported the government's aim of a roughly 3 per cent growth rate this year. Public debt would fall from its current level of 68 per cent of GDP, but was expected to remain above the EU target level of 60 per cent at the end of the three-year period, Mr Rato said.

Along with its convergence targets, Spain would also send to Brussels an outline of its plans for liberalising the economy, including its tax reforms and changes in labour regulations based on a union-employer agreement, which is still under negotiation.

He made clear that Spain was not prepared to consider an agreed postponement, along with other southern EU countries, of membership of the first wave of countries to embrace the euro.

"The treaty is very clear," he said. "Those that fulfil the criteria go in and those that do not stay out."

Spain had meanwhile not taken a position on French proposals for an informal "stability council" to co-ordinate economic policies in the future euro-zone. Mr Rato feared the plan, which he discussed last week with Mr Jean Arthuis, his French counterpart, could cause a rift among members.

Accord near on Emu selection timetable

By Emma Tucker in Brussels

European Union finance ministers are this weekend expected to finalise the timetable under which the first batch of single currency entrants will be selected.

Most member states hope the detailed discussions of the countdown to monetary union will dispel rumours that the scheduled launch of January 1 1999 may have to be delayed.

The ministers are expected to agree to a timetable which puts the date for selecting Emu entrants in late April 1998. This would have the double benefit of allowing EU leaders to base their decisions on confirmed 1997 figures – rather than predictions – while also taking into account 1998's emerging economic trends.

It is now widely accepted that even France and Germany will struggle to meet the Maastricht treaty criteria for public deficits this year. Next year's improving figures would help heads of state to play down any overshoot of the Maastricht criteria resulting from poor 1997 economic performance.

The meeting, in the Dutch seaside resort of Noordwijk, will be seen as a crucial test of member states' commitment to the 1999 target launch date, which has been called into question by leading European economists and politicians recently.

Speculation reached new levels after German unemployment soared to record levels of nearly 4.7m at the beginning of the year.

But in spite of efforts to quash talk of delay, tensions over whether "stopping the clock" may be necessary will lurk beneath the surface. While most countries are still committed to a January 1 1999 launch date, some, including Britain and Italy, believe a delay may be desirable.

Mr Kenneth Clarke, British finance minister, attending what may well be his last "Ecofin" meeting, believes a delay would be preferable to launching the single currency before countries' economies have converged.

Last week Mr Lamberto Dini, Italy's foreign minister suggested a delay in the launch of economic and monetary union by one year to January 1 2000 would be desirable.

According to Mr Yves-Thibault de Silguy, EU monetary affairs commissioner, the Commission and the European Monetary Institute would be able to present their joint recommendations on which countries meet the Maastricht targets in mid-March next year.

A further six weeks would be needed to consult national parliaments and the European parliament.

Ministers are also expected to resolve the final details of the so-called stability pact, designed to enforce fiscal discipline among countries which adopt the new currency.

Under the system, countries which run excessive deficits after adopting the euro will face fines of up to 0.5 per cent of annual output. Germany, the Netherlands and the Commission want fines to be applied cumulatively, while most other member think 0.5 per cent should be an absolute ceiling even if a deficit persists over several years.

Greek utilities fail to get right recruits

Kerin Hope finds slow progress as state-owned groups look to the private sector for senior staff

Vasso Papandreou, Greek development minister: political appointees followed her intervention

Akis Tsochatzopoulos, defence minister: had to be dissuaded from appointing relation of union leader

Yannos Papantoniou, economy minister: has to persuade colleagues of merits of professional managers

Greece's attempt to recruit senior executives from the private sector to restructure public utilities and ailing state-owned transport corporations is making painfully slow progress.

A year after the Socialist government launched the scheme, only one out of 30 projected appointments has been made.

Mr Giorgios Goulios, a former Greek air force officer who worked for Secma, the French defence electronics supplier, took over in February as managing director of Hellenic Aerospace Industry, which carries out repairs and maintenance for the Greek air force.

He was the first chief executive appointed under legislation passed last year to eliminate political interference and introduce international management standards at state corporations.

A government official said the law was aimed at "ending a pernicious practice of patronage appointees running state-owned companies, often without any qualifications other than their ties to the governing party".

The law also calls for setting quantitative targets for each corporation that can be used to assess the managing director's performance.

To ensure that managers cannot be sacked or penalised because of a change of government, it provides for five-year contracts and performance-related salaries.

However, cabinet ministers have been reluctant to give up the privilege of appointing chief executives. Procedures for selecting advisers to find Greek managers with international experience have been delayed.

And some qualified managers are unwilling to run state corporations because of fears that the powerful public sector unions will oppose their efforts at restructuring.

Mr Goulios's appointment was the first success for the economy minister, Mr Yannos Papantoniou, who has the task of persuading his cabinet colleagues that professional managers are needed to overhaul the state corporations and so help reduce the public sector deficits.

Kantor Management Consultants, the Greek affiliate of Arthur D. Little and the government's adviser on finding a chief executive for the aerospace company, recommended Mr Goulios for the job.

But Mr Akis Tsochatzopoulos, the defence minister, and other senior members of the governing Panhellenic Socialist Movement had to be dissuaded from appointing a former Olympic Airways pilot who is related to a prominent Pasok trade union leader.

By contrast, two other chief executive posts at state corporations have gone to political appointees following the intervention of Ms Vasso Papandreou, the independent-minded development minister.

Mr Eleftherios Tzellas, who has spent most of his career in the public sector and worked for Ms Papandreou while she was European Commissioner for social affairs, took over the Public Petroleum Corporation (DEP), the state holding company for oil refining and trading in petroleum products.

He will oversee DEP's restructuring ahead of the planned flotation of 10 per cent of its equity on the Athens stock exchange at the end of the year.

Mr Tzellas claims that he is willing to resign once DEP's flotation is completed but says his appointment is justified, "because there are very few big private companies in Greece, which means there isn't a pool of senior managers available to run big state corporations with thousands of employees".

At the Public Gas Corporation (DEPA), which is preparing a $700m project to set up privately operated commercial and household distribution networks in Greece for Russian natural gas, the managing director's job went to Mr Savvas Papaphilippou, a senior executive with Helleniki Technodomiki, a private Greek construction company, who has long-standing ties with Pasok.

Development ministry officials claim that both companies are so far behind schedule with privatisation that time cannot be spared to find managing directors through a lengthy headhunting process.

Because privatisation is still a politically sensitive issue, managers with links to Pasok are more likely to avert a potentially disastrous clash with the unions, they add.

Greece's biggest company, OTE, tha state telecoms monopoly, still lacks a managing director with international experience after the failure of Kantor's efforts last year to find a senior telecoms executive who could also speak Greek.

Mr Petros Lambrou, a former Pasok treasurer with a background in the Greek mining industry, will remain in charge this year and supervise the flotation of a second tranche of OTE on the Athens stock exchange.

The law is being revised so that candidates are no longer required to have experience in the same sector as the corporation's activities but must have spent five years as a senior executive in a large international company.

This change may help speed appointments at other state corporations, such as the loss-making Hellenic Railway Organisation and the water and sewage companies, where the process of finding new managing directors has not yet started.

NEWS: WORLD TRADE

Keep politics out of trade, HK commerce chief pleads

Yue warns trading partners not to make life difficult for the territory after Chinese takeover, writes **Guy de Jonquières**

Yue: 'Give us a level playing field after the transition'

It is an article of faith among Hong Kong government officials that, whatever happens after the territory reverts to China this year, commercial business will go on as usual. That credo is never invoked more vehemently than in relation to international trade, the linchpin of Hong Kong's prosperity.

Ms Denise Yue, trade and industry secretary, insists Hong Kong will continue after July 1 to pursue its own trade priorities and policies, free from interference by Beijing. Her biggest concern is that its independence could ba compromised by the attitude of trading partners.

"Although we hava not given them any justification, any proof, they are already operating on the basis that we will not be able to run our own international trade relations, that we will not be making our own decisions, but will be listening to mainland China."

Among the disturbing signs, she says, are recent reports that some European governments expect Hong Kong, which is a member of the World Trade Organisation, to act as a mouthpiece for Beijing, which is negotiating to join the body.

Such suspicions, says Ms Yue in an interview, risk undermining the economic autonomy guaranteed by the handover agreement. This specifies that Hong Kong will remain a separate customs territory, which will keep its border with China and the authority to police trade with the mainland.

She insists Hong Kong will continue to argue its corner vigorously in the WTO, even after China enters. "I can already envisage occasions when Hong Kong and mainland China will have very different and opposing standpoints in the WTO, simply because our commercial interests dictate it."

She expects Hong Kong's crusading enthusiasm for free trade to find few echoes in Beijing, particularly when it comes to liberalising services – one of the main sticking points in China's WTO accession negotiations.

Though Hong Kong has a say in the fate of those talks, it has opted for a back seat role, leaving the hard bargaining to the US, the EU and other members. Miss Yue says China must fully respect WTO rules, but readily acknowledges that having it in the club would make life easier for Hong Kong.

Hong Kong owes its ranking as the world's ninth largest exporter to China's exploding international trade, almost half of which passes through the territory. Much of it is generated by plants in China owned and managed by Hong Kong companies, which today do most of their basic manufacturing across the border.

While Hong Kong profits handsomely from this gateway role, it is also frequently caught in the crossfira of trade conflicts between China and other countries. "We are not a party to these disputes, but the hard economic reality is that our interests are damaged by them," Ms Yue says.

As a WTO member, China could better defend itself against unfair discrimination by resorting to the organisation's disputes settlement procedures. At least as important, membership promises to secure China's access to the US market by ending the annual struggle in the US Congress over renewal of its Most Favoured Nation status.

Some in Washington want to make China's MFN status permanent this year. But they face strong opposition in Congress, where many members believe the most effective way of ensuring that China handles the Hong Kong handover responsibly is to keep open tha threat to revoke its trada privileges.

Ms Yue rejects that argument. "Sometimes, the road to hell is paved with good intentions," she says. "Hong Kong needs economic stability more than ever at the time of the handover. The surest way to upset that stability would be for the US to remove China's MFN trade status."

Such a move, she says, would have a "catastrophic" impact on Hong Kong, halving its annual growth rate. It would also violate what she considers a cardinal principle – that trada issues should be dealt with on their merits and not linked to the achievement of purely political objectives.

In the name of that principle, Hong Kong will continue to campaign for free markets and hammer away at trade barriers, such as the anti-dumping measures used by the US and EU to penalise low-cost imports.

The territory expects its trading partners to do it no special favours because of the forthcoming handover of sovereignty, Ms Yue says. "We are not asking for blind faith. All we ask of them is not to look at Hong Kong through coloured glasses and genuinely to give us a level playing field after the transition."

WORLD TRADE NEWS DIGEST

Vietnam issues port licence

A consortium of Belgian, US and Thai investors said yesterday they had received a licence from Hanoi to develop the first phase of a $1bn port and industrial zone development in northern Vietnam.

International Port Engineering Management (IPEM), US insurer American International Group (AIG) and Asian Infrastructure Development, a Thai concern, said they would start work immediately on building an industrial zone at Dinh Vu, on the mouth of the Red River, near Haiphong.

The $80m licence allows the group to develop a 982ha industrial park, a 145ha port to complement the existing French-built Haiphong port and a residential complex. Further phases would result in the construction of a deep sea port capable of handling vessels of up to 30,000dwt.

The project aims to take advantage of expected rapid economic growth in northern Vietnam.

Until recently, the industrial south has been the fastest growing part of the country and has attracted most foreign investment. *Jeremy Grant, Hanoi*

Kvaerner wins Arctic deal

Kvaerner John Brown has been selected to oversee the development of the Tedin oil field in the Timan Pechora region of the Russian Arctic.

It will be the second western-financed oil project in the area, which contains a number of undeveloped discoveries from the Soviet era.

The Polar Bear consortium developing the field includes Northern Petroleum, a UK company, Archangelskgeoldobycha, the local geological group, and Geoid, another Russian company.

Phase one will cost around $50m, which includes initial production facilities and a pipeline linking the site to the main export line from the region. The partners are expected to rely on project finance from multilateral agencies for about 70 per cent of the project'e cost. Northern is expected to make a placing in London in the summer to raise the remaining funds. *Robert Corzine*

UK group wins power contract

National Power of the UK has won approval to build and operate a $1.6bn coal-fired power plant in central Java in Indonesia. National Power will have a 30 per cent stake, as will the Tomen trading company of Japan. PT Bakrie and PT Maharani Paramitra of Indonesia will have the remainder. *Robert Corzine*

Singapore buys new cranes

The Port Authority of Singapore has spent S$335m on 46 new cranes for its Pasir Panjang terminal, state television said yesterday. The new terminal, in western Singapore, is to begin operations early next year. The cranes can load and unload the latest generation of ships while new overhead bridge cranes will be the world's first remote-controlled yard cranes. Productivity is expected to rise by at least 30 per cent. *Reuter, Singapore*

Correction: Valeo

We incorrectly reported yesterday that Valeo, the French auto components group, had formed a joint venture with Shanghai Automotive Electrical Works to produce car engines in China. The joint venture is to make car starter motors.

Botched privatisations in water, telephones, and power hamper growth, says World Bank official

Poor nations 'need infrastructure investors'

By John Barham in Istanbul

Developing countries must attract heavy private investments to upgrade their infrastructure and so lift themselves out of poverty, a senior World Bank executive said yesterday.

Mr Jean-François Rischard, a World Bank vice president, said only "countries with a superb infrastructura" would benefit from an increasingly interconnected global economy.

Mr Rischard, who was addressing a Financial Times-sponsored conference on infrastructure in Istanbul, warned: "If you are not 100 par cent reliable as a country or as a company, business will go elsewhere."

He placed heavy emphasis on the importance of high-quality and low-cost telephony, noting that flawed privatisations of telephone companies in some countries had creatad private monopolies that prevented any significant drop in long-distance and international charges.

The World Bank emphasised the importance of attracting private sector finance and management to infrastructure because few public sector utilities were able to deliver services of sufficient quality to underpin sustained economic growth. It says insufficient cost recovery in water and power industries alone costs developing countries $55bn a year.

However, experience has shown that privatisation can rapidly overcome severe infrastructure bottlenecks and shortages. Mr Rischard said the Philippines suffered lost output equivalent to $1bn a year in 1990 due to power shortages following privatisation. By 1995, private investors had overcome the problems.

There are about $700bn worth of privately-financed infrastructure projects under way around the world, with about 1,700 companies active in a field that ranges from water management to telephony to power. However, Mr Rischard reports: "Their number is going up very fast."

He emphasised the importance of introducing as much competition as possible into privatised utilities and transport networks to ensure low prices and high levels of service.

An efficient regulatory mechanism run by a small group of professionals should also be established before sell-offs. Breaking up monopolies or tightening regulations after privatisation was very difficult.

The World Bank says only 15 countries – Chile, Argentina and Hungary are examples – have carried out exemplary privatisations and established satisfactory regulatory systems. There are 25 countries, including Turkey, that are only now starting out on the privatisation of infrastructure. However, Africa haa fallen far behind, with few cases of reform.

The chase is on for a banking licence, the biggest incentive to groups planning a link-up

Thai finance companies keen for mergers

By Ted Bardacke in Bangkok

On the first day after Thai financial authorities announced a plan to provoke a wave of mergers among the country'a bloated finance sector, six companies took up the offer.

Together with the forthcoming disappearance of Finance One, the country's largest finance company, a consolidation of Thailand's financial services industry is well under way.

Nava Finance & Securities said it would merge with CMIC Finance & Securities and Thaimex Finance & Securities. At least three other unlisted finance companies will join the group in its pursuit of a commercial banking licence, the biggest incentive offered to merging finance companies.

Even among finance company exectives there is little doubt most of the companies in the sector, which often group businesses as diverse as rural car hire-purchase and international corporate finance, simply need to disappear. They had arisen, after all, out of a need to bring order to previously unregulated transactions.

"Finance companies are a historical anomaly, highly anachronistic," says Mr Weera Manakongtreecheep, managing director of Sitca, a leading finance company. Companies would either have to find a particular market niche or merge with other financial institutions, "otherwise they're finished, they woo't be able to compete", he says.

Consolidation will also be healthy for the Thai economy as a whole, Mr Amnuay Viravan, finance minister, said in an interview. With funding costs for finance companies often double that of commercial banks, they were tempted to lend to high-risk projects which inevitably failed when the economy stopped growing rapidly year by year.

Now acarce capital will be used more wisely, which, along with central bank pledges to give liquidity to support to merging institutions, will reduce the risk of systemic collapse in the future.

"The financial markets and financial institutions need overhauling, a restructuring of the eystem. That'e what we are doing," said Mr Amnuay.

Mr Graham Catterwell, head of Thai equities at Deutsche Morgan Grenfell, predicts that when the merger wave is over, only about a dozen finance companies out of the present 91 will remain.

"But its not going to be easy," says Mr Catterwell. "It'e going to be messy, take time, be unpleasant and face resistance in every form yon can imagine. But if there wasn't resistance, it wouldn't be for real."

The chief difficulty will be assessing the real asset value of merging institutions, a process that if done well – and it must be if the mergers are to evoid merely creating a few big troubled institutions out of a lot of little ones – will cause paper fortunes to be lost through write-downs.

Thai Danu Bank, which will take over Finance One, says it believes Finance One'e good assets could be just over half the finance company'e stated book value. Thai Danu further says it can absorb less than 30 per cent of the \$808m Finance One has lent to property developers. Someone else, probably the government's property bailout fund, will have to take over the rest. Then there is the question of face, and the prospect of losing it.

"Pride and our business culture are a big factor," said Mr Weera. "No one wants to see a business they built up go down. It's going to be difficult for many to come to terms with the new conditions."

Making this more difficult are the myriad cross-ownership deals with friends, family and foreign partners. In yesterday's merger, for example, CMIC is affiliated with Thai Farmers Bank and places trading orders for Merrill Lynch, while Nava's parent company is Thai Military Bank, with whom it owns Standard Chartered Securities.

Yet the central bank holds the ultimate weapon that can overcome all these obstacles. Analysts predict that for companies which refuse to merge it will continue to raise capital adequacy standards and make provisioning requirements so high they will go bankrupt or be forced to sell out.

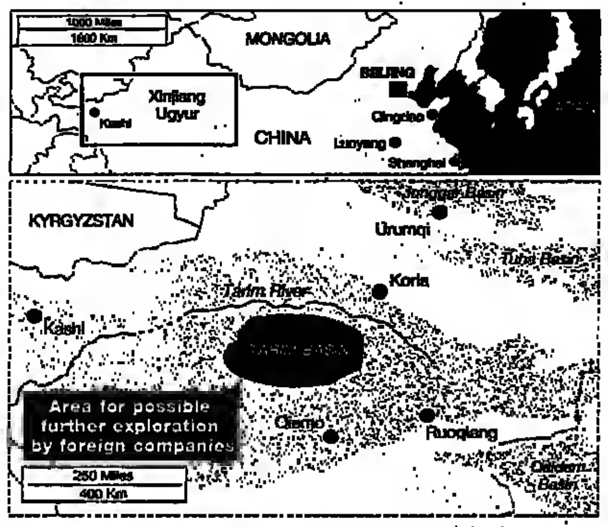
They will also be unable to rely on future emergency support from the central bank and will not have foreign equity stakes above the present 25 per cent limit approved – another carrot dangled by the central bank.

The level of foreign participation in the new scheme may eventually help determine how much the merger wave ends up promoting competition in the revamped and expanded banking sector.

If foreigners decide to take large stakes, competition will be enhanced. But there is the possibility that many of the merging institutions, which had started to assert some independence and put competitive pressure on Thailand's commercial banks, will end up being controlled by the banks once again, "leaving the old banking clique firmly in charge," as in the word of one finance company executive put it.

China 'set to open far-west oil field further'

Rising oil import bill is prompting change of heart, write **David Murphy** and **Tony Walker**



China appears to be weakening in its traditional reluctance to allow foreign companies a bigger part in what has been portrayed as one of the world's last great "oil plays".

A fast-rising oil import bill may be prompting a change of beart about further opening up the Tarim basin in far-west Xinjiang province.

Some foreign companies are sceptical, particularly at a time of beightened nationalist sentiment in China. But one with high hopes is the Japan National Oil Corporation.

Japan, which worries that the fast-growing Chinese demand for oil will force up the price, is leading efforts to help China discover more oil. It was Japan that euffered most among industrialised countries from the oil price shocks of the 1970s.

Mr Masatoshi Wetanabe, chief representative in Beijing of the JNOC, says "very hard and delicate negotiations" are nearing completion on new exploration areas in the Tarim basin.

The talks are about blocs in the centre of the Tarim not open to foreign companies where scientific information is promising.

"We think this is the right time to participate in the Tarim basin," said Mr Watanabe.

China produces about 3m barrels of oil a day, but has become a net importer in the past few years. It now imports 400,000 b/d, abont 15 per cent of its needs.

Unless substantial new deposits are tapped, imports are set to rise five-fold by 2010. Even if it is able to increase domestic prodnction, it would take some time for new finds to be brought on stream, especially from the Tarim, which is 3,700km from the national oil grid at Luoyang in central Henan province.

China produced 156m tonnes of crude oil last year, up about 5 per cent on the year before. Bnt the economy is growing at about 10 per cent a year.

China's unwillingness to open up more has cooled enthusiasm among the world's big oil companies, many of which were once excited abont the Tarim region.

Under agreements negotiated in 1993, foreign companies were restricted to five blocs on its southern fringes, possibly one of the least promising areas of the region. Exploration efforts have yielded little and companies are pulling ont.

British Petroleum stopped work in early 1995. In 1996 an Amoco-led consortium dropped out of third-round bidding for Tarim blocs. Exxon declined to comment on industry reports that it would soon pull out.

The chief representative in Beijing of a foreign oil company which quit the Tarim said: "We are not in Tarim because it is not clear to us that there are large fields to be found out there."

Chinese companies last year extracted about 4.3m tonnes from the Tarim basin, a fraction of the national total. Xinjiang, which has witnessed increased nationalist troubles recently among its Moslem population, contributed about 15.4m tonnes from its three fields, including the Tarim.

Foreign companies complain thet the Chine Netional Petroleum Corporation, which is responsible for negotiating new exploration agreements, has been unduly selective in providing seismological information.

"CNPC must open up more areas and provide more data if they want to make the Tarim basin attractive to foreign companies," said the representative of a US oil company.

Bnt Japanese success in negotiations for more prospective areas may prompt a change of heart in an industry which tends to be fickle. The recent establishment of a third oil company, the China National Star Petroleum Corporstion, is also regarded by foreign companies as promising.

Star, as the new corporation is known, will "commercialise" the activities of oil bureaux and research institutes under the ministry of geology and mineral resources. It is already negotiating with foreign companies the sale of data from prospective areas, including the Tarim basin.

One of the aims behind the establishment of a "third" oil exploration company to join CNPC and the China National Offshore Oil Corporation is to enliven a sector whose results have been disappointing. Interest among foreign oil companies may be about to swing back towards the Tarim basin, although time hae been wasted in what has proved a fruitless search in marginal areas.

Vietnam and China bave agreed to bold talks in Beijing on April 9 aimed at settling a simmering dispute over a Chinese oil rig drilling off the coast of Vietnam, a foreign ministry spokesman said yesterday, Jeremy Grant reports.

Hanoi last week suggested talks in the Vietnamese capital. But Mr Tran Quang Hoan, the foreign ministry spokesman, said: "Now China has suggested April 9 in Beijing. For the sake of resolving the issue, Vietnam has agreed."

Both sides will field "experts" on border issues, rather than senior foreign ministry officials.

The dispute erupted in the middle of March when Vietnam protested against the presence of the rig, the Kantan III, which it says is operating in Vietnamese territory.

Beijing says the vessel – in the South China Sea between Hainan Island and Vietnam – is in its waters and that its activities are beyond reproach.

Vietnam has received vocal support from its fellow-members of the Association of South-east Asian Nations (Asean), but none is willing to be drawn further into the problem as the waters are disputed only by Vietnam and China.

Diplomats say Beijing may have agreed to the talks merely as a way of silencing Vietnamese protests while buying time for further exploration.

The rig's exploration activities are being seen as further evidence that China is determined to take its search for energy sources ever further afield, in order to provide the fuel for its continued rapid economic growth.

Judge orders arrest of 36 Dhaka brokers

By Edward Luce and Samer Iskandar in London and Mark Nicholson in New Delhi

Trading on Bangladeeh'e etock exchange came to e complete balt yesterday after judgee ordered the arrest of 36 leading brokers and officials for allegedly manipulating share prices.

The arrest warrants, which include the names of Mr Imtiyaz Husain, chairman of the Dhaka stock exchange, and Sohel and Salman Rahman, co-directors Beximco, the country's largest conglomerate, comes in the wake of the market'e collapse since it reached a record last December.

Observers say that the seniority of the names on the list euggests that tbe Awami government is serious about cleaning up the image of the Bangladesh atock market. Mr Salman Rahman is thought to be close to the Awami League. "If they really decide to clamp down there really will not be much of a capital market left," said the editor of a Bangladeshi newspaper.

Among those charged are a senior official at SES, a local brokerage co-established by Peregrine, the Hong Kong-based investment bank. Peregrine, which is the largest foreign brokerage in Dbaka, set up SES as a vehicle to enable it to trade in Bangladeshi shares.

Foreign investment houses said the market, which had tripled in value since the Awami League came to power last June, was rigged by insiders for their own profit. "Almost everybody from the exchange board to the companies listed on the market was involved in this scam," said a foreign broker yesterday.

The bull market was fuelled by the creation of an informal "kerb trading" system where unregistered brokers illegally sold shares at inflated prices to the public on the pavements outside the exchange. The Bangladeshi courts euspect that many of the exchange'e 90 member brokers orchestrated the "kerb market" for their own benefit.

The shares were usually sold at a premium of up to 20 per cent over the official listed price. The share index frequently rose by 15 per cent overnight. The "kerb market" also spurred trading in forged share certificates.

But after the market started to slide last December, foreign investors who sold their shares to local brokers found that the trades were unilaterally cancelled. As a result foreign investors have lost an estimated \$20m through unsettled trades.

"This [refusal to settle accounts] is unprecedented," said one foreign broker. "In all emerging markets trades can sometimes takes weeks or even months. But eventually they always settle."

At least one foreign institution has written to the ministry of finance expressing "grave concern". One banker even said his company wes contemplating withdrawal from Bangladesh in the light of heavy losses.

Analysts say the government has been forced to take action in the face of political agitation by the 5,000-10,000 ehareholders who lost money after buying shares on the "kerb market".

ASIA-PACIFIC NEWS DIGEST

Taiwan-China shipping route

Taiwan and China are poised to resume direct shipping links after a hiatus of nearly half a century. Taiwan authorities yesterday said ships could cross the Taiwan Strait in mid-April, or as soon as transport ministries from both sides approve shipping company applications.

China on Wednesday approved five Chinese shipping companies for direct cross-strait sailings, including China Ocean Shipping, a national carrier, and four companies based in China'e south-eastern Fujian province. Taiwan'e transport ministry said approval of the five Chinese shipping lines would be granted sooo after receipt of the applications. The two sides reached a breakthrough on the issue of direct sea links in February, when private shipping groups from escb side agreed to restore direct links on a limited basis.

Taiwan has said it will allow ships direct cross-strait routes as long as they are owned mainly by Chinese, Taiwan or Hong Kong interests and fly the flag of Hong Kong or a third country – not communist China'a red five-star flag. *Laura Tyson, Taipei*

Attempt to calm HK row

Mr Leung Chun-ying, a Hong Kong property surveyor, sought yesterday to calm a row over his appointment to a task force to tackle the territory'a housing shortage, offering to disclose details of his business dealings to the Democratic party.

The Democrats, the largest group in Hong Kong's legislature, say his appointment means a conflict of interest. They have warned thet setting up of policy task forces by Mr Tung Chee-hwa, Hong Kong's future leader, risks undermining the civil service.

Mr Leung said he had given full details of his business activities to Mr Tung, who will become the territory's chief executive in July. *John Ridding, Hong Kong*

Manila plans investment boost

The Manila governmeot yesterday launched its investment plan for 1997, highlighting export-oriented industries, infrastructure, agriculture and the southern region of Mindanao in an attempt to improve on last year's 17 per cent investment growth to 395bn pesos (\$15bn). Last year, the country reported export growth of 24 per cent and gross domestic product up 5.5 per cent. The government says it aims to disperse industry in the countryside and improve the global competitiveness of local agriculture. *Justin Marozzi, Manila*

Leaders fear exposure of links with party

Hanoi seeks to keep lid on banking turmoil

By Jeremy Grant in Hanoi

Mr Cao Si Kiem was every inch the unruffled central banker yesterday as be greeted World Bank officials in a wood-panelled chamber of the former colonial Banque de L'Indochine, now the State Bank of Vietnam.

The group was there to eign a \$195.6m credit to upgrade part of Vietnam'e dilapidated national highway.

But his apparent calm was out of atep with tremors that are shaking the political system over the equally sorry state of the country'e banks.

The industry was rocked last week when two executives were arrested in Ho Chi Minh City for their alleged involvemeot in a bank loans scam. An appeal court also upheld the death sentence for four businessmen in tbe so-called Tamexco affair.

Yet on Wednesdey, the reformist prime minister, Mr Vo Van Kiet, barely touched on the debt-ridden banks in a speech opening the latest session of the National Assembly.

Last week, a landmark banking law was unexpectedly acrubbed from the assembly'e agenda. Speculation over a possible banking crisis was further fuelled when the authorities issued bizarre rules aimed at clamping down on media reporting of the banking sector.

Diplomats say these events point to fears in the communist leadership that further revelations may expose the extent of debt at the banks. But they may also fear exposure of the byzantine buaineee linke between the party and the four state-owned banks.

That would come at an awkward time for the communist leadership, which is pre-occupied with settling personnel euccession questions.

"They are afraid of more corruption scandals [being exposed] because some in the party are implicated. The first thing they have to do is decide on the changing of the guard, then act on banking reform," said one European diplomat.

State-owned banke account for 75 per cent of the banking sector and continue to lend to loss-making state-owned enterprises.

Both maintain strong links to the party and deala between banks and euch companies arise as a result of personal relationships rather than eound credit assessment. In such cases, officials rontinely pockat transaction fees of up to 3 per cent of loan amounts.

Discussion of the banking law in the increasingly critical National Aesembly would have risked unacceptable exposure of such links. "It's certainly something of a Pandora'e box," said one western economist.

However there are still unavoidable, immediate challenges. The most serious is a possible liquidity crunch at soma small private banks as a slew of deferred letter of credit payments – valued at about \$800m – fall due in the next three months.

Most will be hard pressed to meet those payments without help from the central bank, wbose foreign exchange reserves are at only roughly \$1.7bn. When asked whether dipping into reserves was an option, Mr Kiem said: "On the policy side, we shall try to take appropriate measuree... with these banks in order that they meet their obligations."

Foreign bankers fear thet without adroit handling, the eituation could jeopardise Vietnam's sovereign credit rating as Hanoi enters the final phase of clearing of \$750m in commercial – or London Club – debt.

Bnt they agree that by delaying the passage of the banking law – designed to set a legal framework for e market-oriented banking eector – Hanoi has set back the timetable for a crucial plank of economic reform.

"It's the most serious situation they've faced since the failure of the credit co-operatives [in 1991]," said Mr John Theaker, director of a banking reform project carried ont by the UK'e Crown Agents. "It'e the end of the honeymoon period in banking."

Britain sets up deal to end Tamil conflict

By Amal Jayasinghe in Colombo

The UK has brokered an historic agreement between Sri Lanka's two main political rivals in an attempt to end the country'e Tamil separatist war which has killed over 50,000 people, officials said yesterday.

The deal, brokered by Mr Malcolm Rifkind, the British foreign secretary, and his deputy, Mr Liam Fox, will set the stage for bringing the separatist Liberation Tigers of Tamil Eelam (LTTE) to the negotiating table, officials said.

The deal makes no mention of Britain, the former colonial ruler of Sri Lanka, underwriting peace in the republic, or getting involved in the conflict as a third-party mediator.

British diplomats have been working behind the scenes on a deal for seven months. Sri Lanka had previously rejected Britain's offers to mediate, saying third-party intervention was unnecessary.

Under the deal, President Chandrika Kumaratunga and her arch-rival, Mr Ranil Wickremesinghe of the United National Party (UNP), yesterday exchanged letters pledging a common approach to the ethnic conflict, which has been a huge drain on economic resources, and the opening of peace talks with Tamil Tiger guerrillas.

Mr Lakshman Kadirgamar, Sri Lanka'e foreign minister, said the landmark deal between the opposition and the government was "an important and valuable step" to bring peace in Sri Lanka.

"This is a step in a long road," Mr Kadirgamar said. "It deserves to be welcomed widely by our people and by the friends of our country."

Sri Lanka spends about 6 per cent of its gross domestic product to financa the struggle against the LTTE, which is leading the guerrilla war to set up an independent bomeland in the island'e north-east.

Talks between the government and the LTTE ended in failure in April 1995 with the rebels unilaterally pulling out of a ceasefire.

Diplomats and analysts were eceptical abont an early resolution to the conflict, especially at a time when Tiger rebels had lost considerable territory to government forces in the island'e north-east.

There was no immediate reaction from the rebel Liberation Tigers to the latest peace moves.

The ruling party and the opposition in Sri Lanka, who represent the majority Sinhalese community, have traditionally differed on their approaches to resolving the ethnic conflict. The opposition had always opposed any moves to grant concessions to minority Tamils.

FINANCIAL TIMES
COMPANIES & MARKETS
Friday April 4 1997
Week 14

IN BRIEF

Apple may seek 'white knight'

Apple Computer may be seeking a "white knight" to fend off a potential hostile takeover bid, Silicon Valley industry executives said, following reports that the company might again be in talks with Sun Microsystems. Page 17

Lucent profits double expectations
Lucent Technologies, the telephone equipment company spun off by AT&T a year ago, marked its first anniversary as an independeot company hy announcing that net profits in its second quarter would be more than double the figure expected. Page 17

Bema in 'largest' copper, gold find
Bema Gold, the Canadian producer, has found what could be the largest gold and copper deposit in Latin America. Bema and partner Arizona Star said tests at the site in Chile indicated the deposit contained 24.8m ounces of gold and 6.4bn pounds of copper. Page 17

Sumitomo Bank cuts profit forecast
Sumitomo Bank, one of Japan's leading banks, warned that weakness in the Tokyo stock market would erode its year-end profits. The bank has revised down its forecast to Y50bn ($406.5m) Page 16

IMI to acquire TA Hydronics
IMI, the engineering group, further strengthened its building products division with the £97m ($154.2m) acquisition of TA Hydronics, a Swedish valve maker. Page 20

Générale des Eaux back in the black
Générale des Eaux, the French utilities, construction and communications group, returned to the black with 1996 income just above expectations at FFr1.95bo ($347m). Page 18

World wheat stocks to remain low
Wheat stocks are expected to remain at a historically low level according to forecasts from the International Grain Council, the body which monitors the grain market. The IGC is predicting world production at 583m tons. Page 28

Companies in this issue

Market Statistics http://www.FT.com

Chief price changes yesterday

FRANKFURT (DM)				**PARIS (FFr)**			
Rises				**Rises**			
Wella	900	+	10	Accor	798	+	11
Falls				Banc Comp	702	+	15
Allianz	3170	-	51	**Falls**			
BMW	1219	-	47	Alcatel	645	-	33
Degussa	667.5	-	20	Chrstn Dior	805	-	15
Karstadt	526	-	28	Michelin B	320	-	9.8
MAN	446.5	-	11.5	Taittinger	1935	-	265
Viag	741	-	28	**TOKYO (Yen)**			
NEW YORK ($)				**Rises**			
Rises				Komatsu	898	+	24
AES Group	58¼	+	2¼	Makino Mlng	854	+	29
Computer Assoc	40⅝	+	2⅛	Tokuyama	595	+	19
Natl Power	33⅞	+	2⅛	**Falls**			
Falls				Daiei Inc	633	-	37
Enseco	46¾	-	2½	Showa Shell	846	-	34
Rhone Poulenc	68¼	-	4¼	Yamaichi Secs	345	-	25
Triton Ener	35⅜	-	2⅛	**HONG KONG (HK$)**			
LONDON (Pence)				**Rises**			
Rises				Guangshen Rlwy	3.7	+	0.42
Cementone	60½	+	13½	Kerry Props	18.0	+	0.5
Laird Grp	389	+	44½	**Falls**			
Trafficmaster	325	+	18	Dao Heng Bk	32.8	-	1.0
Falls				HSBC Hldgs	175.5	-	2.0
Airtours	923½	-	36	Hutchsn Whmp	54.0	-	1.75
Sema Grp	1301½	-	38½	Tsim Sha Tsui	20.6	-	1.0
Staffware	196½	-	15	**BANGKOK (Baht)**			
TORONTO (C$)				**Rises**			
Rises				Book Club	25.5	+	2.0
Atlantis Comm	9.5	+	1.4	Sub Sri Thai	31.25	+	2.75
Canhorn Chem	1.2	+	0.3	Thai Rubber	34.25	+	2.75
Tech Flav Frag	2.2	+	0.3	**Falls**			
Falls				Asian Sea Fd	40.5	-	4.5
Dektina	19.0	-	1.0	Nhonkaen Fd	61.0	-	9.0
Rayrock Yellow	4.35	-	0.65	Rotana	134.0	-	16.0
Wescam	3.5	-	0.55				

New York and Toronto prices at 12.30pm.

CCA in $2.9bn Philippines deal

San Miguel swaps soft drinks business for shares

By Nikki Tait in Sydney and Justin Marozzi in Manila

Coca-Cola Amatil, tha Australian-based heverage company, is acquiring the soft drinks operations of San Miguel in the Philippines, adding a "fourth leg" to CCA's operations which already cover Australia, Europe and Asia-Pacific.

The A$3.7bn ($2.9bn) share deal will in turn give San Miguel, the Philippines' largest food and beverage company, a 25 per cent stake in CCA, making it the Australian company's second-largest shareholder after Coca-Cola.

Mr Roberto Goizueta, chairman and chief executive of Coca-Cola, said the deal marked the beginning of a new era for the group in Asia. "The combined strengths and expertise of both parties will create one of the world's most powerful hottling systems," he said.

CCA said the deal should "add immediately and substantially to earnings and growth prospects".

Coca-Cola has a very strong market position in the Philippines. The Philippines soft drinks business – known as Coca-Cola Bottlers Philippines Inc – is 70 per cent owned by San Miguel, while the Atlanta-based Coca-Cola group holds 30 per cent. Its annual sales are around A$1.2bn and in 1996 it made an after-tax profit of around A$144m. The Philippines is the sixth largest market for Coca-Cola products worldwide.

Under the deal, CCA will issue 293m shares to San Miguel and Coca-Cola. Yesterday CCA shares rose 75 cents – almost 6 per cent – to A$12.7, valuing the transaction at around A$3.72bn.

For CCA, the Philippines business will rank just behind Australia and Europe in dollar sales. In 1996, CCA's sales were around A$1.35bn in Australia, and A$1.72bn in continental Europe. Its Asia-Pacific operations, which include Indonesia, Fiji and New Zealand, had sales of A$635m.

The deal means San Miguel loses control of its most profitable business – CCBPI contributed 39 per cent of group net income in 1996 – hut Mr Francisco Eizmendi, president of San Miguel, said the move was in line with its internationalisation strategy. It was moving from controlling 70 per cent of a domestic market of 68m to a 25 per cent stake in a market covering 17 countries with a population of 448m. The marged group had combined sales of $3.7bn last year and operating income of $438m.

"This is a super deal because there is the feeling that San Miguel is getting too big for tha Philippines," said Mr Noel Reyes, vice-president of Anscor Hagedorn Securities in Manila. "This will allow it more access and more deals." Tha group said based on 1996 earnings CCA was paying a premium of 24 times.

San Miguel said it had already been in discussions with Coca-Cola to take tha franchisa for western India and tha enlarged group would now be looking at finalising it. "It'a a different region and it's different politics but long-term that market is a slam-dunk with the sheer size of the middle class," a senior official said.

Over the past few years, CCA has built up its European operations through medium-sized acquisitions.

Lex, Page 14

JP Morgan censured in US over links with Sumitomo

By Tracy Corrigan in New York

J.P. Morgan, the blue-chip US bank, has been censured by US bank regulators for its handling of its relationship with Sumitomo Corporation, the Japanese trading company which lost $2.6bn in illicit copper trading last year.

J.P. Morgan's chairman, Mr Douglas Warner, is believed to have signed a memorandum of understanding issued hy the New York Federal Reserve, on behalf of the US Federal Reserve, and by the state banking authorities at the end of last year.

A memorandum of understanding is one action open to US regulators when banks fail to meet their criteria of safety and soundness.

Although regarded as a serious matter, a memorandum of understanding doaa not involve any financial penalties or public disclosure. An official at the New York Federal Reserve declined to comment.

J.P. Morgan was one of the US banks which helped finance the trading operations of Sumitomo's former chief copper trader, Mr Yasuo Hamanaka, known as Mr Five Per Cent for his dominance of the copper market. He has pleaded guilty to fraud in Japan.

J.P. Morgan lent Sumitomo about $400m. It is not clear why J.P. Morgan should have been censured rather than other banks.

However, it is believed the criticism may relate to controls over trading, rather than to the loan to Sumitomo.

It is possible that the regulator may consider a loan by one bank to be appropriate and a loan for the same amount by another bank inappropriate, depending on the internal procedure followed.

Although other types of action such as fines are much more severe, the revelation is nonsthelesa an embarrassment to J.P. Morgan which prides itself on having a prestigious client list and squeaky-clean image.

J.P. Morgan has since restructured its base metals business, reducing the scope of its activities. Sumitomo had been by far the bank's biggest client, according to people in the market.

Dutch financial group aims to expand by focusing on market segments

ING chairman Aad Jacobs: giving a higher priority to Europe

ING to prepare for Emu with acquisitions

By Gordon Cramb in Amsterdam

ING, the large Dutch financial group which owns Barings in the UK, is seeking acquisitions in European investment banking to position itself for the arrival of economic and monetary union.

The company's annual report will tell shareholders next month that it intends to have a significant role in the euro market. To achieve this, it will strengthen its position through organic growth and acquisitions or strategic alliances.

ING intends to focus on market segmants including employee beoefits, corporate finance, treasury, clearing and asset management.

The insurance and banking group yesterday announced a 25.4 per cent rise in 1996 net profits to Fl 3.32bn ($1.7bn), at the top of analysts' expectations. Although ING has an extensive world network, Mr Aad Jacobs, chairman, said 70 per ceot of earnings were derived from the Netherlands, which made it vulnerable to domestic downturns.

He indicated that Barings, the merchant bank for which it staged a Fl 3bn rescue two years ago, was reaching its financial targats later than hoped. ING Barings contributed Fl 70m to the result and Baring Asset Management Fl 50m, which "not quite satisfies what we envisaged". But the unit, which is being integrated with existing ING activities, performed better in the opening quarter of this year and was on course to generate Fl 200m profits for 1997.

Mr Hessel Lindenbergh, the ING director who had been charged with turning Barings around, is from July to head implementation of the group's European strategy. His current responsibilities pass to Mr Marinus Minderhoud, head of corporate and investment banking.

ING lacks a significant banking presence in countries such as France and Germany, and failed five years ago to build a second home-market in Belgium, where it controls 20 per cent of Banque Bruxelles Lambert. Its biggest recent moves have been in eastern Europe, where its majority holding in Poland's Bank Slaski was consolidated from last August.

ING is paying a total dividend of Fl 2 against Fl 1.66, from earnings per share of Fl 4.56 compared with Fl 3.84. None the less, its shares fell Fl 1 to Fl 69.30.

Lex, Page 14

Disney offshoot to lead Internet news service

By Lisa Branston in New York and Paul Taylor in London

A consortium of US-based media and Internet companies led by Walt Disney's ABC News unit is to launch a 24-hour-a-day Internet news channel in competition with a rival service set up last year by Microsoft and NBC, the TV subsidiary of General Electric.

ABC News, America Online, Netscape Communications and Starwave, a multimedia start-up led by Mr Paul Allen (a co-founder of Microsoft), plan to launch the online news service called ABCnews.com later this month.

As part of the deal, Walt Disney has bought a significant stake and will taka operating control of Starwave, although Mr Allen will remain the largest shareholder and a director of Starwave.

ABCnews.com is the latest and perhaps most ambitious form of the "web broadcasting" technology which is rapidly changing information delivery over the Internet and corporate intranets.

ABC plans to begin testing the service online on April 14, with an official launch around the end of the month. The service will be free to anyone with Internet access, but ABC hopes later to charge for some premium services.

"This will evolve day-by-day," said Mr Jeff Gralnick, the ABC News executive who is overseeing ABCnews.com. "If it's the same service oo day two that it was on day one, then we're asleep."

The site's main advantage over rivals will be its distribution through AOL and Netscape which together get about 16m daily visitors to their online information and Internet web sites.

"These huge camps are readying their material for combat," said Mr Adam Schoenfeld, a senior analyst at Jupiter Communications, a oew media research firm. "It's all in the execution now. AOL has a lot of eyeballs at its disposal so the cross-promotional potential is huge."

But the venture has risks, not least because ABC is enteriog the market well after msnbc.com, the joint Microsoft/NBC web broadcasting venture launched last year, and CNN, the cable news channel which also has a strong online presence.

As Mr Bill Bass, a senior analyst at Forrester Research, noted yesterday, ABC does not have a 24 hour television news channel to feed informatioo into the site. "ABC is playing catch-up," he said. "TV journalists are oot used to thinking 24 hours and the web operation is a gnat compared to the TV operations. It's hard to justify changing the operation of your TV news gathering operation to fit the whims of a very small online population."

UK insurer to cut a third of staff and close branches

By Christopher Brown-Humes in London

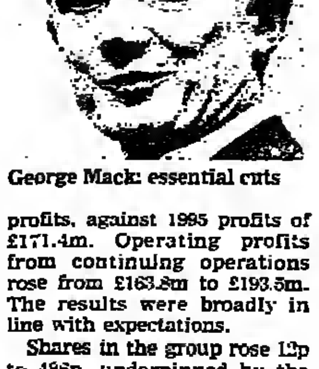
United Assurance, the home services insurer formed last year from a £1.46bn ($2.32bn) merger between Refuge Group and United Friandly, is to shed a third of its staff and cut nearly 60 per cent of its branches, from 279 to 116.

It said the radical pruning – which went further than expected – would help save £37m a year.

Jobs in home services – sales through agents visiting customers' homes – will fall from 6,400 to 4,200 by the end of next year.

Mr George Mack, chief executive, said the scope for cost-cutting had been the main reason for the merger.

The group also revealed 1996 pre-tax profits of £178m, excluding £371.3m of exceptional profits, against 1995 profits of £171.4m. Operating profits from continuing operations rose from £163.8m to £193.5m. The results were broadly in line with expectations.



George Mack: essential cuts

Shares in the group rose 12p to 486p, underpinned hy the promise of a progressive dividend policy and a yield of 4.7 per ceot.

The continuing general insurance operations performed disappointingly, dropping to a £600,000 loss after a £11.1m profit in 1995.

Mr Mack said the United Friendly and Refuge aimed to come together as one marketing group with a harmonised product range from August.

United said it was still considering how to share the costs and benefits of integration between shareholders and policyholders.

A final dividend of 12.6p makes 18p for the year, up 35 per cent. Earnings per share before exceptionals rose to 36.1p from 36p. The group's embedded value at the year-end was £1.5bn, against £1.49bn in 1995, while shareholder funds jumped to £1bn from £543m.

Lex, Page 20

COMPANIES AND FINANCE: ASIA-PACIFIC

Colonial releases flotation details

By Nikki Tait in Sydney and Christopher Brown-Humes in London

Colonial, the Melbourne-based financial services group, will become the second Australian life insurance group to complete its "demutualisation" when it lists on the stock exchange on May 19.

As part of the flotation, detailed yesterday, Colonial will issue 75m new shares. Its 550,000 policyholders – who were allocated shares and options in the revamped group in December – will also be able to either sell their holdings or buy more stock.

There will also be public and institutional offers for the shares and options which become available. A minimum of 115m shares and options – including the 75m new shares – will be guaranteed for institutional investors, and at least 40m set aside for non-Australia funds.

The public offer price is set at A$2.60 a share, and this offer will close on May 2. Institutions will be asked to bid between May 14 and May 16, in an indicative range of A$2.50 to A$2.90. At the public offer price, Colonial has a stockmarket price-tag of about A$1.5bn.

The company has been attempting to turn itself from a life office into a group ranging from banking and insurance to fund management.

It forecasts after-tax profits of A$180m in 1997, after A$120m in 1996. Total income is forecast to decline to A$3.08bn in 1997 from A$3.12bn, partly owing to lower investment income and a squeeze on net interest income.

The public offer will be restricted to Australia and New Zealand, and the shares will only be listed on these countries' exchanges.

Westpac makes bid for Bank of Melbourne

By Nikki Tait in Melbourne

Westpac Banking Corporation yesterday stepped up the pace of consolidation in Australia's banking sector, when it announced that it was making a A$1.43bn (US$1.12bn) agreed bid for Bank of Melbourne, the largest regional bank in Victoria state.

The deal is the third significant takeover announced by Westpac since Mr Bob Joss, the former Wells Fargo executive, became chief executive in 1993 and the bank began to recover from its property-related losses in the early 1990s.

If the deal is completed, Bank of Melbourne will also be the sixth Australian regional bank absorbed into a larger group in less than two years. This process has been spurred partly by sharply increased competition in the home loans market – on which the regionals have tended to depend – and reduced lending margins.

Under the deal, Westpac is offering A$9.75 for each BoM share, via a 90 cents a share special dividend plus either A$8.85 in cash or one Westpac share and a cash top-up.

The purchase will double Westpac's market share in Victoria to more than 18 per cent, and nudge ANZ, with about 17.3 per cent, into fourth place.

Mr Joss said yesterday that, like Westpac's earlier acquisitions of Challenge Bank in Western Australia and Trust Bank in New Zealand, the BoM purchase was aimed at addressing an area of geographical weakness for the group.

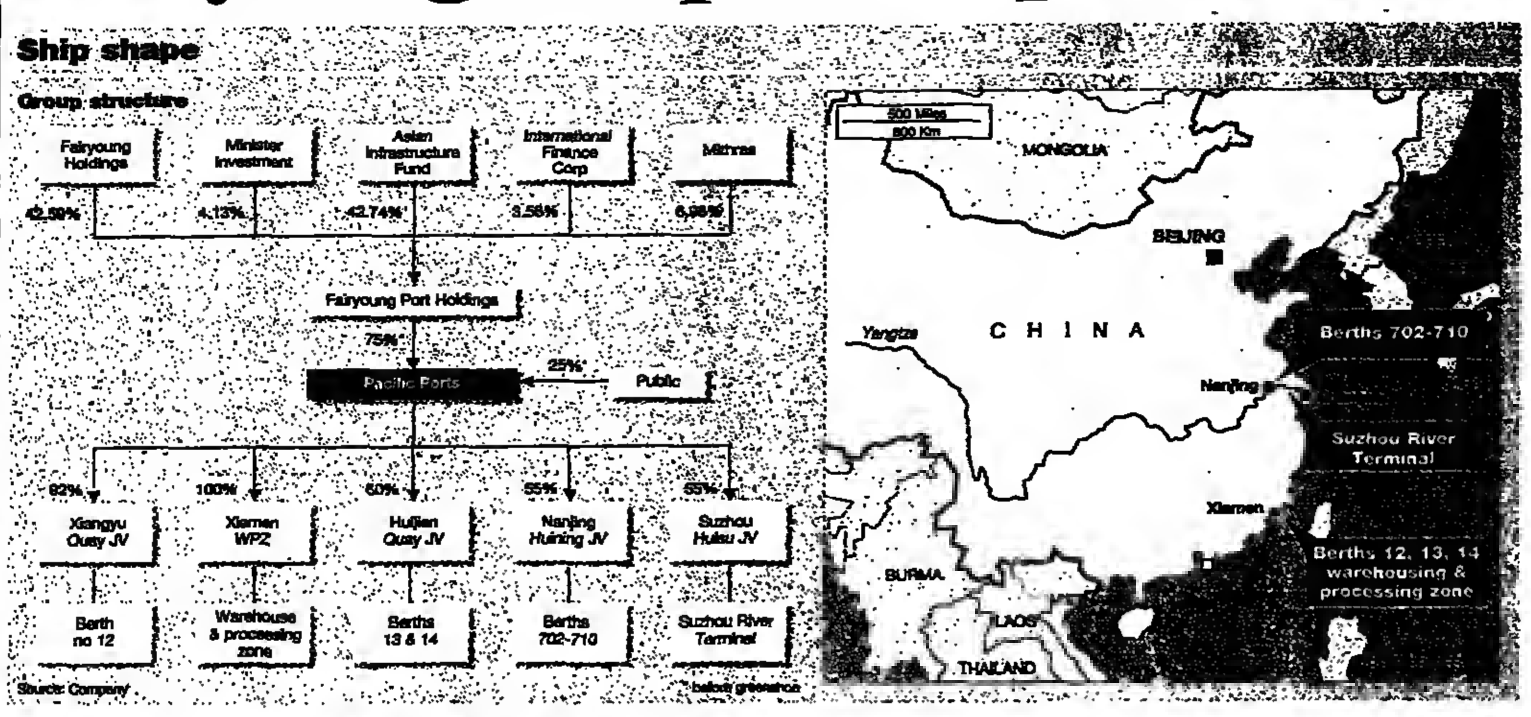
Both Westpac and BoM were vague about potential rationalisation. Mr Joss said directors would be looking to save at least 33-40 per cent of one bank's expenses.

The timing of the bid, meanwhile, immediately generated controversy. It comes days before an important report on the country's banking system, commissioned by the federal government, which is widely expected to make recommendations about mergers.

Mr Peter Costello, federal treasurer, stressed yesterday that Westpac's application to buy Bank of Melbourne – which needs his approval – would have to wait until the government decides on its response to the report.

Westpac shares closed 0.7 cents higher at A$6.88, while those of Bank of Melbourne – which had been suspended on Wednesday – gained 70 cents at A$9.50.

Fairyoung to spin off ports arm



By John Ridding in Hong Kong

Fairyoung Holdings, the Hong Kong property and infrastructure group, is seeking to capitalise on the growth of regional maritime trade by spinning off Pacific Ports, its port operating division, in a share issue valued at between HK$520m and HK$650m (US$67m-$84m).

Pacific Ports' main shareholders, which include the Asian Infrastructure Fund, said the listing would be the first port infrastructure vehicle on the Hong Kong market. They said funds raised through the issue would be used to expand the company's operations in China, notably ports at Xiamen, Nanjing and Suzhou.

Mr Ted Rule, executive director, saw continued strong demand for container facilities in the region. Since 1989, container throughput in Asia has risen from less than 30m TEUs (twenty-foot equivalent units) to more than 60m TEUs.

Much of the growth has come from China trade, which has seen volumes passing through mainland ports more than double to almost 25m TEUs during the period, straining port facilities.

Pacific Ports said prospects for its Xiamen facility had been further strengthened by steps towards a cross-straits shipping agreement between Taiwan and China. Shipping analysts estimate that direct links could lead to diversion of up to 1m TEUs of trade from Hong Kong, which currently acts as the entrepot for China-Taiwan trade. Improved economic relations would also generate new bilateral trade.

In addition to its existing mainland ports, the company said it was considering other investments in China and in Taiwan, India, North Korea, Indonesia and Vietnam. The Asian Infrastructure Fund said it would give Pacific Ports first refusal on port projects. A similar undertaking was given by Fairyoung.

Turnover in the first nine months of last year is estimated at almost HK$40m. Because of investment costs, the group has yet to record a profit, but said it expected to do so this year.

The offer, which is underwritten by Peregrine and New China Hong Kong, is expected to be priced at between HK$2.60 and HK$3.24 a share. This represents a discount to net asset value of between 14 per cent and 28 per cent. Analysts said the pricing appeared aggressive compared with other recent infrastructure issues.

After the issue, and before a possible greenshoe option, the public will hold 25 per cent of the shares. The balance would be held by Fairyoung Port Holdings, in which Fairyoung and the Asian Infrastructure Fund would be the biggest investors.

ASIA-PACIFIC NEWS DIGEST

JAL revamp fails to cheer analysts

Japan Airlines, Japan's largest international and domestic carrier, yesterday announced further attempts to reduce costs and restore profitability in the face of growing domestic and international competition.

Over the next five years JAL plans to streamline its structure, reduce non-core departments and switch to a performance-based salary system for management. The airline also intends to increase fleet strength, in an attempt to increase JAL's share of airport slots and services from Tokyo, and to bring in a domestic frequent-flyer programme, as well as putting more emphasis on Asian and Pacific-Rim destinations, with the opening of new routes including Tokyo-Hanoi.

However, analysts said the plan did not go far enough in reducing JAL's costs. "JAL needs to take much more of an axe to its costs, it should look harder at getting rid of unprofitable assets, for example speeding up the sale of loss-making hotels and resorts," said Mr Paul Smith at HSBC James Capel in Tokyo.

JAL has been pursuing restructuring plans since emerging from a string of losses between 1992 and 1994. It expects a recurring loss of Y20bn for the year to March 1997 on a parent basis. *Gwen Robinson, Tokyo*

Heinz NZ arm in disposal

Watties Foods, the New Zealand division of the US HJ Heinz group, has sold its Tip Top ice cream unit to Peters & Brownes, the diversified West Australian group, for an undisclosed sum. The division, one of the best-known names in New Zealand food, had been expected to fetch about NZ$350m (US$244m). Peters & Brownes said the purchase would create the largest single independent ice-cream maker in the southern hemisphere, with annual sales of more than NZ$550m.

Nestlé, the world's second largest ice-cream maker, had been favoured to buy Tip Top. Nestlé hinted it would enter the New Zealand market on its own account if it failed to buy the unit, which was offered in an international tender. Tip Top was bought by Heinz in 1992 for NZ$425m, when the US group took control of Watties Foods. The sale is part of Heinz's reorganisation, announced last month. *Terry Hall, Wellington*

Caltex Philippines falls 20%

Caltex Philippines, the country's third largest oil group and subsidiary of Caltex Petroleum of the US, yesterday announced a 20 per cent drop in net profits from 1bn pesos in 1995 to 800m pesos ($30.3m) in 1996, blaming the government's unpaid obligations to the company.

The Philippines government set up the Oil Price Stabilisation Fund as a buffer facility to shield Philippine consumers from price fluctuations on the world markets before the sector was fully deregulated in February. The government's obligations under this scheme to Petron, the largest oil group, Shell Philippines and Caltex total 2.5bn pesos. *Justin Marozzi, Manila*

Bharat pleases with 34% rise

Bharat Heavy Electricals, one of India's largest engineering and manufacturing companies, surprised the market by reporting full-year profits sharply above expectations. The listed public sector company lifted net profit in the year to March 34 per cent to Rs4.68bn ($130m).

Analysts said the results were about 20 per cent above market forecasts. Shares in the company jumped Rs21.75, or 6.5 per cent, to Rs351.75. Turnover for 1996-97 rose 19 per cent to Rs57.40bn while earnings per share increased from Rs14.31 to Rs19.12. *Tony Tassell, Bombay*

Indofood refocuses business

Shareholders in Indofood Sukses Makmur, Indonesia's largest noodle manufacturer, approved the acquisition of 11 units from Indofood's parent company, the Salim group, in a move that will make Indofood more of a commodities-driven business. The appointment to the board of Mr Putera Sampoerna, one of Indonesia's leading tobacco tycoons, was also approved. Mr Sampoerna recently bought a 5.63 per cent stake in Indofood. *Manuela Saragosa, Jakarta*

Sumitomo Bank cuts profit forecast to Y50bn

By Gillian Tett in Tokyo

Sumitomo Bank, one of Japan's leading banks, yesterday warned that recent weakness in the Tokyo stock market would erode its profits for the year to end-March.

The announcement follows similar warnings from other Japanese financial institutions and is likely to fuel concern that the troubled Japanese banking sector's results for the 1996 financial year, announced at the end of May, will be worse than expected.

Sumitomo Bank forecast last November operating profit of Y80bn ($653.5m) in the year to end-March 1997, but now expects the figure to be Y50bn.

Net income for the year is likely to be Y35bn, down from an estimate of Y60bn, it added.

The revision would bring consolidated operating profits down to Y50bn, compared with previous estimates of Y80bn.

The revised forecast was prompted by a Y119.2bn loss on equity holdings, resulting from the "decline of the stock market at the end of March", Sumitomo said.

This has reduced the value of its equity portfolio, or "unrealised gains", which Japanese banks – unlike banks in many other countries – are allowed to include in their calculations of capital adequacy ratios.

The bank would also face credit costs of Y330bn, primarily due to write-offs of bad loans, against core banking profits of Y335bn, it said. Overall net gains on sales of stocks would be about Y45bn, the bank added.

Mitsubishi Trust and Banking has already reduced its profit forecast from Y130bn to Y80bn, and analysts at HSBC James Capel estimated recently that total net profits for the top 20 banks will come in at Y540bn, compared with earlier projections of Y2,000bn.

Nevertheless, fresh hints of reform in the sector emerged yesterday. Mitsui Trust Bank indicated it was planning to reduce assets by Y3,000bn over the next three years and reduce its workforce by 300 to 5,400.

● Nippon Credit Bank yesterday denied market rumours that it was planning to reduce its share capital. NCB shares slid Y18 to close at Y205.

Nalco strains at the apron strings

The Indian aluminium group is seeking a capital restructuring, writes Kunal Bose

Nalco management "behaves like a God-fearing frugal householder", according to Mr S.N. Johri, chairman of the Indian aluminium group.

But blameless figures hide more dynamic ambitions. Nalco wants its equity capital halved to make earnings per share more attractive, and it wants the government to relinquish more of its 87.15 per cent stake.

Nalco is almost entirely debt-free. Analysts say the debt to equity ratio will improve from 0.39 per cent in 1995-96 to 0.20 per cent in the year to March 31, 1997. It will become totally debt-free in September 1998 when a Y30bn loan will be repaid.

It is also profitable, with earnings in 1995-96 of Rs5.35bn ($149m) and expectations of a similar result for 1996-97, although prices for aluminium and alumina remained very low for most of last year.

But government control and ownership means change in the company moves at the same famously snail-like pace as the Indian government's bureaucracy. Nalco is one of many companies facing this problem – and they all look forward to the day when they can take their own big investment decisions.

The government's grip is shown in the inordinate delay Nalco has suffered in securing approval for investment in two expansion programmes. The company had to chase the government for more than four years in order to double the capacity of its bauxite mining to 4.8m tonnes a year and raise the capacity of its alumina refining operation from 800,000 tonnes to 1.575m tonnes. Because of the delay, the cost of expansion has risen too – from Rs9.7bn to Rs16.65bn so far.

The company is yet to receive the go-ahead for expanding its aluminium smelting capacity from 218,000 tonnes to 345,000 tonnes and raising the coal-fired power generation from 720MW to 960MW.

"We are now sure of getting the government approval for this project," says Mr S.B. Nayak, director. But in the meantime, the cost has escalated from Rs20.37bn to Rs27.36bn. The gestation period of the projects so far is is 51 months.

Nalco was fully state-owned until 1991-92, when the first of two tranches of shares was sold to domestic institutions and the public. Further disinvestment is on the cards, but the group wants this to be preceded by a capital restructuring.

Mr Johri wants the equity capital halved, and the government's Disinvestment Commission also favours restructuring to enable the government to realise the best possible price for the shares to be sold.

> 'Even while we are earning high profits, our earnings per share are low. If our suggestion of turning half the equity into debt is accepted, then the EPS becomes highly attractive'

Mr Johri says: "Nalco has too large a capital base – of Rs12.89bn. Even while we are earning high profits, our earnings per share are low. We have told the government to allow us to convert half the share capital into a long-term interest bearing loan. If our suggestion is accepted, then the EPS becomes highly attractive."

The Disinvestment Commission has, however, identified Nalco as one of the "core sector" companies where the government holding must not fall below 51 per cent.

Mr C. Venkataramana, director, says: "The first phase of expansion can be financed fully by internal generation of funds.

"But once we start expanding the smelting and power generating capacity, we will have to access the market.

"We may raise debt here and abroad. We may make a Global Depositary Receipt offering. A domestic equity issue is also possible."

However, he says, "it will be at least two and a half years before we raise any money".

SBC Warburg says that "even without an equity issue, the company will be within prudent gearing levels."

Pechiney, the French company which is Europe's biggest aluminium maker, built the Nalco refinery and smelter and will be providing technology for expansion.

"As we expand," Mr Nayak says, "Pechiney will pass on to us whatever improvement in technology has taken place since we started production in 1987-88. At a production cost of $145 a tonne of alumina and $1,200 a tonne of aluminium, we are counted among the cheapest producers in the world."

"The expansion will reinforce our cost competitiveness," says Mr Nayak. Nalco's cost of expansion will be at least 24 per cent lower than that of a comparable greenfield venture, according to a SBC Warburg research report.

What gives Nalco an edge over the other aluminium producers in the country is its ownership of high-quality bauxite reserves of 380m tonnes at Koraput in Orissa.

The company plans to try to acquire some coalfields in the Mahanadi belt of Orissa. "This is important for us since power alone accounts for 30 per cent of the cost of production aluminium," Nalco says.

According to Mr Johri, "the Indian market for aluminium is growing at a very healthy rate – around 10 per cent a year. I foresee a supply shortfall of nearly 300,000 tonnes in the next five years.

Nalco will, therefore, find a ready market for its extra metal [after expansion]. We will also remain focused on export."

■ Talks with Sun Microsystems rumoured ■ Ellison bringing together group of investors

Apple may be seeking white knight

By Louise Kehoe in San Francisco

Apple Computer may be seeking a "white knight" to fend off a potential hostile takeover bid, Silicon Valley industry executives said yesterday, after reports that the company may again be in talks with Sun Microsystems.

Although Apple and Sun declined comment, industry rumours suggest that Sun, which talked to Apple in late 1995, may once again be showing interest in the struggling personal computer company.

These rumours follow a public statement by Mr Larry Ellison, multi-billionaire chairman of Oracle, the database software group, that he is bringing together a group of investors to make a bid for Apple. Such a bid would not involve Oracle, he said.

Mr Ellison also issued a statement on the Internet asking Apple investors to submit ideas about the future priorities for Apple.

His statement appeared to be an attempt to gauge shareholder opinions about a potential hostile takeover.

The group's largest shareholder as of this week is Prince al-Waleed Bin Talal Bin Abdulaziz Al Saud, the Saudi Arabian investor, who has bought more than 5 per cent of Apple's stock for $115m. In an interview with the Bloomberg news service, Prince al-Waleed described Mr Ellison as a "good friend". It is unclear, however, whether the prince is part of Mr Ellison's investor group.

Another puzzle surrounds the role of Mr Steve Jobs, Apple co-founder and now a part-time adviser to Mr Gil Amelio, Apple chairman and chief executive.

Although he is a close friend of Mr Ellison, Mr Jobs distanced himself from the Oracle executive's statements last week, dismissing them as e "soap opera" scenario.

With Apple set to report its second quarter results later this month, it appears unlikely that the future ownership of the company will be resolved quickly.

Apple is expected to report heavy losses for the quarter, including a $155m restructuring charge and an additional $825m charge related to its acquisition of NeXt Software, a company run by Mr Jobs.

Bema lifts estimates for Chile discovery

By Scott Morrison in Vancouver

Bema Gold, the Canadian producer, has found what could be the largest gold and copper deposit in Latin America.

Bema and partner Arizona Star said tests at its Cerro Casale site in Chile indicated the deposit contained 24.8m ounces of gold and 6.4bn pounds of copper. The value of the deposit was estimated at US$8.7bn in gold and US$7.1bn in copper.

It had previously said Cerro Casale contained an estimated 15m ounces of gold.

The announcement may bolster the jittery Canadian resource market. Investors panicked last week and dumped shares of Bre-X Minerals, the exploration gronp, on news that its Indonesian gold deposit, billed as one of the world's largest, might contain only insignificant amounts of gold. Bre-X continues to insist the deposit contains 71m ounces.

Unlike the Bre-X casa, Bema said three independent companies had confirmed its initial results. Bre-X results were not independently checked until prospective partner Freeport McMoRan Copper & Gold conducted due diligence and fonnd "insignificant" amounts of gold.

"We have an extensive system to check the assays and they are proven," said Mr Clive Johnson, Bema president.

Cerro Casale is part of Chile's Maricunga gold belt, located in the Andean desert region 700km north of Santiago. Arizona Star owns 51 per cent of the Cerro Casale deposit, but as Bema owns 33 per cent of Arizona Star, Bema has overall control of the project.

The Cerro Casale deposit could be mined by 2001 and prodnce more than 1m ounces of gold and 300m pounds of copper a year.

Merger could bring AOL net gains

CompuServe, bludgeoned by intense competition from Internet access providers and struggling to find its way after an ill-fated effort to create a new consumer service, is seeking a merger partner.

This much has been confirmed by the company, whose chief executive, Mr Frank Salizzoni, is also chief executive of H&R Block, the tax preparation gronp, which holds an 80 per cent stake in CompuServe. On Wednesday the two said they were involved in "external talks" about a "possible business combination".

The third party to these talks is believed to be America Online, the largest computer online service with close to 8m subscribers. However, AOL and CompuServe declined to comment.

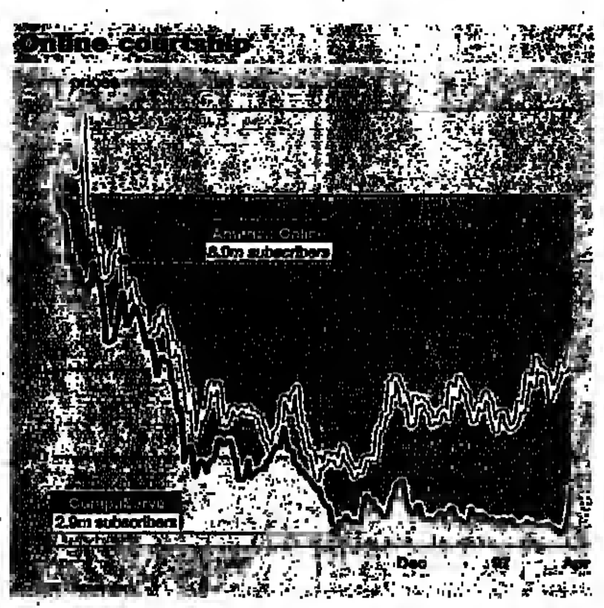
Such a combination would create an online behemoth with close to 11m subscribers, greatly extending AOL's international reach and boosting its ambitions to sell more online advertising.

A merger might also help AOL and CompuServe to fend off competition from the Microsoft Network, the third-largest online service, backed by the deep pockets of the software group.

It could also help resolve problems at both companies.

CompuServe could gain the resources it needs to promote and expand its online information services in the face of intense competition.

Steve Case: committed to expanding capacity



Frank Salizzoni: confirmed rumours of merger talks

For AOL, e merger could provide eccess to CompuServe's networks and help relieve the logjams that have dogged the service since it introduced flat-rate pricing last December – logjams that prompted an electronic message to subscribers from Mr Steve Case, AOL chairman and chief executive, promising increased investment to expand capacity.

CompuServe could also provide AOL with an entrée into the business information market, with its greater emphasis on news and business discussion groups.

However, any such deal faces formidable hurdles. An acquisition based on e stock swap would be dilutive and distracting for AOL, analysts say. "AOL is just about to turn profitable here and we don't need them to buy a money-losing company," says Mr Jamie Kiggen, analyst at Cowen & Co.

Other analysts say AOL would have to pay for any deal with stock, because its cash position is low – cash and equivalents were listed at $130m at the end of 1996. They also point out that a merger would be likely to run into antitrust problems, since it would involve the two largest online services in the US.

The contrasting styles of AOL and CompuServe could also present a problem. AOL is known for its consumer services such as "chat rooms" and entertainment services. CompuServe, in contrast, is oriented to business customers and technophiles. It has computer industry discussion groups and news, as well as extensive news databases.

Moreover, many CompuServe users hold AOL in disdain, which might make it difficult to merge the subscriber bases.

There may be better merger partners for CompuServe, some analysts suggest. CompuServe uses Microsoft technology and a combination with the Microsoft Network, which is building up its library of content, could be attractive, they say.

Whatever the outcome of the current talks, it now seems likely, however, that the oldest and one of the most comprehensive online information services aveileble to personal computer users is destined to lose its independence.

Louise Kehoe

Lucent marks anniversary with profit

By Richard Tomkins in New York

Lucent Technologies, the telephone equipment company spun off by AT&T a year ago, yesterday marked its first anniversary as an independent company by announcing that earnings in its second quarter to March would be more than double the figure expected by analysts.

It predicted net profits of $55m to $65m, or 9-10 cents a share, on revenues of $5.1bn – a big turnround from the same quarter a year ago, when it reported pro forma net losses of $103m, or 16 cents a share, on revenues of $4.6bn.

The news lifted the company's shares $1⅞ – or 4 per cent – to $52 in early trading despite another sharp fall in US stock markets. A year ago, in Wall Street's biggest initial public offering yet, AT&T sold the company to investors for $27 a share.

Mr Donald Peterson, chief financial officer, told analysts that the higher-than-expected profits were e result of strong sales of high-margin products such as software and wireless communications systems, the impact of cost reduction programmes, and an improved performance from the company's international operations.

Lucent Technologiee designs and builds a wide range of public and private networks, communications systems and software, consumer and business telephone systems, and microelectronic components. Its Bell Laboratories unit carries ont research and development.

The company's strong performance since the spin-off contrasts sharply with that of its former parent. It emerged this week that Mr Robert Allen, AT&T's outgoing chairman, had had his bonus cut by 18 per cent last year because of AT&T's disappointing results.

Separately, worries emerged yesterday over the earnings outlook for another technology company: International Business Machines, which enjoyed a big run-up in its stock price in the second half of last year.

IBM's shares were down $2⅜ to $130⅞ in early trading on reports that analysts were downgrading their earnings forecasts.

According to the First Call research service, the consensus forecast for IBM's first quarter earnings per share has fallen from $2.50 to $2.31 since the start of the year, and the full-year forecast has fallen from $12.68 to $12.30.

However, Lucent Technologies' forecast helped relieve the recent adverse sentiment towards technology stocks. In early trading, the technology-rich Nasdaq composite index was up 8.59 points at 1,209.59.

AMERICAS NEWS DIGEST

Waban pulls out of talks with Kmart

Kmart, the US discount store operator, suffered a setback when Waban, another US retailer, pulled out of a plan to merge the two companies' troubled home improvement store chains. Waban said talks "had not produced an agreement that is acceptable to all parties", leading analysts to speculate that the deal had fallen down over price.

Two months ago Kmart announced it was looking at e plan to divest its Builders Square chain by combining it with the HomeBase chain operated by Weban, forming the third-biggest US home improvement company. The plan would have been backed by Leonard Green & Partners, a Los Angeles investment firm specialising in leveraged buy-outs, which would have held a majority stake in the new entity.

Kmart has been divesting its non-core retailing operations in an attempt to focus on its discount store operations. Following the sale of the Borders-Walden book stores, Sports Authority sports stores and OfficeMax office supplies chains, Builders Square is its last non-core business. Kmart said it was disappointed that the talks had broken down, and that it would now pursue other options with Leonard Green & Partners.

Richard Tomkins, New York

'No new information' on Busang

The Toronto Stock Exchange and the Ontario Securities Commission said Bre-X Minerals had stated that a report from Kilborn SNC-Lavalin on the Busang gold discovery "does not contain any new material information".

Bre-X has been under pressure since last week, when its partner in Indonesia, Freeport-McMoRan Copper & Gold, revealed that early drilling samples performed during its due diligence process on the Busang gold property in Borneo turned up "insignificant" amounts of gold and "visual differences" from Bre-X's gold samples. The Kilborn report was to be released on Monday, but the Bre-X chief executive officer, Mr David Walsh, said this week that the company needed more time to study the review.

Reuter, Toronto

Drugstore merger plan blighted

The collapse of a $1bn merger between drugstore chains Phar-Mor and ShopKo Stores marks the end of a plan fraught with problems and scepticism. The deal ran into trouble owing to a decline in Phar-Mor's stock price, regulatory delays, and uncertainty about the position of one large shareholder, industry experts said.

The two companies cited only "continuing uncertainties in consummating the transaction" for calling off the deal. Wall Street had disliked it from the beginning, contending thet the companies were dissimilar and could not achieve large cost savings by merging. *Reuter, New York*

Bombardier to upgrade plant

Bombardier, the Canadian aerospace and transit equipment group, is to invest C$50m (US$36m) to expand and upgrade the aircraft-completion centre it recently acquired from Innotech Aviation. The centre will be dedicated to the design and installation of custom interiors for Bombardier's Global Express long-range business jet. It will also include an "environmentally friendly" aircraft-paint facility. Bombardier said the investment will create about 400 new jobs by the end of 1998, lifting employment at the centre to more than 650, from the 250 who worked there before Bombardier acquired it last year. *AP-DJ, Montreal*

Sallie Mae rebels win support

A group of dissident shareholders of the Student Loan Marketing Association received sufficient shareholder support to call a special meeting of shareholders. In a press release yesterday the dissident group, which calls itself the Committee to Restore Value at Sallie Mae, said it had scheduled the meeting for May 9.

At the meeting, shareholders will vote on a plan of reorganisation that would allow them to choose the company's board and provide for a different set of by-laws from those proposed by Sallie Mae. The dissidents have proposed their plan as an alternative to management's reorganisation proposals scheduled to be voted on at a May 15 special meeting. Management's plan does not allow shareholders to vote on directors and contains a variety of anti-takeover provisions, the dissident shareholder committee said. *AP-DJ, Washington*

Alarm sounds over Tractebel

The looming merger of Suez and Lyonnaise des Eaux is provoking cries of alarm in Belgium over the prospect of Tractebel, the utility group which is a Belgian industrial jewel, falling into the hands of a powerful Freoch utility.

The issue of French control of Belgian industry has become highly sensitive since Renault's decision five weeks ago to close a factory north of Brussels with the loss of 3,100 jobs. That was followed by last Thursday's announcement by France's Alcatel Bell of 500 Belgian job losses. The Belgian government has hitterly attacked both moves.

Tractebel occupies a pivotal position in Belgium's energy sector. It has a 39 per cent stake in Electrabel, the electricity monopoly which is the natlon'a biggest company by market capitalisation, and 42 per cent of Distrigaz, the gas transmission monopoly.

It is also one of the country's most successful exporters, with ventures from Chile to Oman, and Kazakhstan to Singapore. Baron Philippe Bodson, chief executive, plans to double the proportion of profits derived from international activities to 40 per cent by 2000.

The utility group has been under de facto, if indirect, French control since 1988, when Suez acquired 62.5 per cent of its immediate parent, Société Générale de Belgique (known as La Générale), Belginm's biggest holding company.

But the prospect of Suez being absorbed hy Lyonnaise des Eaux, a ntility group whose operatiooal skills partly overlap Tractebel's, has sparked fears of a conflict of interest.

Mr Jean-Luc Dehaene, Belgium's prime minister, has twice met the chairmen involved, demanding guarantees that Belgian strategic interests will not be harmed.

Mr Dehaene said last week he was broadly satisfied with the assurances he had received. But that has not calmed fears that tha merger could give Lyonnaise backdoor access to Belgium'e energy sector – and that the French utility could take away future international contracts from Tractebel.

Viscount Etienne Davignon, La Générale chairman and a Suez director, admits suspicions are inevitable of a "hidden agenda" behind a Suez-Lyonnaise link-up – the chance for Lyonnaise to gain control of Tractebel. But he insists that such fears are misplaced.

"We were neither surprised nor annoyed that the public authorities expressed concern about the interests of large companies based in Belgium. That is their job," he said. "But we think we can put their concerns to rest."

He and other observers say that the government-controlled regulatory committee which aets Belgian electricity prices can protect Electrabel from outside interference.

The state, meanwhile, retains a "golden share" in the largely-privatised Distrigaz, which allows it to veto decisions.

Etienne Davignon: 'hidden agenda' fears misplaced

Jean-Lnc Dehaene: concern over Belgian interests

Tractebel is also seeking to merge with Powerfin, its 63 per cent-owned holding company whicb has been the vehicle for its overseas expansion.

Not only would that hring international projects more directly under its control, hut the issue of new Tractebel ahares in the planned one-for-three awap with Powerfin shares would dilute La Générale's holding in Tractebel from 65 per ceot to just over 50 per cent. This, in turn, would dilute Suez's interest.

With regard to international expansion, analysts expect a merged Suez-Lyonnaise to give assurances that Tractebel would remain the sole vehicle for electricity and gas projects – Lyonnaise is active in neither sector. Lyonnaise, on the other hand, would be the vehicle for expansion in its core area of water.

However, that would leave areas of overlap between Tractebel and Lyonnaise – notably in wasta management.

And there is, points out one Belgian chief executive, a further question. "The problem is arbitrage," he says. "If Tractebel needs BFr15bo [$435m] for an international electricity investment and Lyonnaise wants BFr15bn for an international water project, who gets tha money?"

In resolving such questions, an important role may be played by Baron Albert Frère, the self-made industrial magnate who heads Groupe Bruxelles Lambert, Belgium's second higgest holding company.

GBL sold its 25 per cent stake in Tractebel to Viscount Davignon's La Générale last September for BFr49bn, increasing La Générale's bolding from 40 per cent to 65 per ceot (althougi it already had voting control).

Baron Frère used some of the proceeds to buy an 8 per cent stake in Suez, earning him a place on the board.

One Belgian company chief speculated last week that a seat on the board of a merged Suez-Lyonnaise – perhaps coupled with a return to Tractehel as chairman – might be a fitting final trophy for the 70-year-old former ateel worker from Charleroi.

Neil Buckley

Monod endorses Suez merger

By Andrew Jack in Paris

The chairman of Lyonnaise des Eanx, the French utilities gronp, yesterday eodorsed the proposed merger with Compagnie de Suez.

Mr Jérôme Monod was speaking one day after the board of Lyonnaise unanimously approved plans for the merger, which is due to be discussed in detail hy the two gronps next Friday.

"It is an excellent project which would create a worldwide group providing services and which would be of the critical mass that the market demands," he said.

His comments came as Lyonnaise reported 1996 results showing net income up 49 per cent at FFr1.4bn ($249m) on turnover up 7 per cent to FFr91.6bn.

Mr Monod stressed that the proposals to link with Suez would need to be on terms "favourahle" for shareholders, in a way which enhanced the value of their investment.

Suez's board voted unanimously in favour of the merger on Tuesday, when it also unveiled a solution to one of the most *important* demands from tha group's more sceptical shareholders: payment of a special dividend ahead of the operation, which is likely to total up to FFr3.4bn.

In an apparent analysis of his achlevements since becoming chairman in 1980, Mr Monod said that when he arrived in 1980, Lyonnaise had been largely focused on business in France, whereas now it was solid, well-known and respected around the world.

In an indication of his confidence in the group, he said Lyonnaise planned to report profits in excess of FFr1.6bn for 1997. He stuck to his aim of increasing return on equity from 10 per cent to 15 per cent.

Mr Monod also stressed that the group's financial position was healthy, and said FFr20bn in debt – representing 68 per cent of shareholders' funds – was acceptable.

Générale des Eaux returns to black

By Andrew Jack

Générale des Eaux, the Frencb utilities, construction and communications group, yesterday returned to the black with 1996 net income slightly above expectations at FFr1.95bn ($347m), after its property activities helped drag it into losses of FFr3.7bn the previous year.

Mr Jean-Marie Messier, chairman, said restructuring across the groop over the past few months was beginning to take effect. He forecast profits for 1997 of FFr5bn, above well above the previous record of FFr3.3bn in 1994.

"You are seeing a group which is on the move, in good health, which knows where It is going and how it is going to get there," he said.

Mr Messier argued that the proposed merger of its rival Lyonnaise des Eaux with Compagnie de Suez represented "a good financial operation", but argued that it presented no threat to his group and it would take two years to meld and refocus the combined businesses.

He said that in line with other Suez shareholders – Saint-Gobain, BNP, Axa-UAP and Mr Albert Frère, the Belgian financier – he considered a "super-dividend" of about FFr3.5bn made by the company ahead of the merger was a "reasonable" payment.

After the restructuring of its audio-visual interests with a 30 per cent stake in the French media group Havas, Mr Messier said he would like to clarify the group's stake in Electrafina, ultimately owned by Mr Frère, during 1997.

He said the group's UK railway operating subsidiary, Connex, should report an operating profit of at least FFr60m this year, and said the number of trains running more than five mintes late had been halved since it took over responsibility for the lines.

Asset sales by the group totalled FFr19bn, and it more than halved the ratio of debt to equity from 170 per cent to 75 per ceot, or a total of FFr32bn. Turnover in comparable terms rose 3 per cent to FFr165.9bo, and operating profit was up sharply to FFr3.8bn.

Mr Messier, aged 40, also unveiled a number of changes yesterday designed to rejuvenate the group's managemeot after his nomination as chairman last year to replace Mr Guy Dejouany, aged 76.

He announced new nominations for the executive committee, which has an average age of 48.

He is reducing the maximum age for both the chairman and the chief executive to 65 – or 67 if a successor has already been designated – and said the minimum number of shares beld by directors would rise to 250 each, with every 0.5 per cent increase in their shareholding disclosed.

McDonald's to spend L300bn in Italian push

By Paul Betts in Milan

Italy's growing appetite for hamburgers is prompting McDonald's, the world's biggest fast food chain, to invest L300bn ($181m) to double the number of its Italian outlets by the turn of the century.

Once the underdog of the Italian fast food market, the US group has been expanding rapidly in Italy since it bought the Italian chain of Burghy reslaurants last year.

Mr Mario Resca, chairman of McDonald's Italia, said yesterday the group's restaurant network in Italy expanded hy 330 per cent last year, from 33 outlets at the end of 1995 to 142 now.

Apart from the 80 Burghy restaurants it acquired last year, McDonald's opeoed 34 restaurants in Italy in 1996 against only 10 in 1995.

Although the Italian business was making profits at the operating level, they were still losing money in net terms, Mr Resca said.

"But that is not our main concern, since we are still in a strong expansionary phase," be said.

The plan was to invest L300bn by 2000, when McDonald's aims to have a chain of 300 restaurants in Italy. Mr Resca said this would also double employment from 4,828 to nearly 10,000.

The US company is accelerating its programme of converting the Burghy restaurants it acquired from Cremonlni, the Italian private food and catering gronp, into McDonald's restaurants.

"By this year all the Burghy-branded restaurants will have become McDonald's," Mr Resca said, adding that the McDooald's brand had much stronger market appeal. Sales in Italy last year rose 143 per cent from L107bn to L260bn.

Mr Resca said he expected sales this year to top L500bn with the company opening a further 25 restaurants.

Mr Resca said McDonald'a now served 350,000 meals a day in Italy.

Although the Italian economy was undergoing a difficult period, he was confident of the growth prospects for McDonald's.

The company plans to expand in the south. It will soon open its first restaurant in Palermo in Sicily.

Italians, traditionally known for their fussy eating habits, have increasingly adopted the hamburger and fast food. Mr Resca said there were 130,000 restaurants and 50,000 bars in total in Italy serving fast food – and the number was growing.

French investors wolf down dog-food offering

By Andrew Jack

The French have demonstrated their eothusiasm for pets by devouring a public share offering by the country's leading manufacturer of dog food.

Royal Canin's placing on the Paris bourse was 38 times subscribed, with heavy demand from both individuals and institutions.

Accordiog to figures released this week, more than 57m shares were requested, against the 1.5m made available to the market when its parent company, Sagal, which is controlled by Paribas, offered 19 per ceot of the dog food subsidiary to outside investors.

The issue was so popular that the first quotation took place at FFr288.80, in spite of initial indications that the shares would trade in a range of FFr175 to FFr191.

Mr Pierre-Yves Werner, finance director of *Royal* Canin, said: "I think that the market liked the clarity of our strategy and the fact that we are a company focused on a single product."

He added that the company's products were well known to the mass market, with a widely-recognised brand name available on shop shelves around the country and advertised oo television.

In Republican Fraoce, there is oo monarchist connection with the name of the company or the symbol of the crown that is mounted above it. This was simply a marketiog tactic adopted *after Royal Canio* was launcbed hy an entrepreneurial vet io lhe late 1960s.

The poteotial market remains enormous, given tbat the Freoch are even more obsessed than the British with pets, claiming ownership of more than 15m dogs and cats.

Some 38 per cent of Royal Canin's sales are within France, where the company says it controls 34 per cent of the market.

Amoog Royal Canin's more unusual assets is a research laboratory in Brittany, where nearly 80 dogs are employed full-time to taste the 100 oew varletles of food developed by the manufacturer each year. However, because of the difficulty of the joh, they are given 15 days' holiday after every 15 days' eating.

The company reported net profits up by ooe third to FFr82.2m ($14.57m) in 1996, oo turnover up 14 per ceot at FFr1.9bn.

Its quotation will give it greater freedom to seek financing for acquisitions.

Israel to sell 24% of Bezeq this year

By Judy Dempsey in Jerusalem

The privatisation of Bezeq, Israel's state-owned telecommunications network, was yesterday back on track after a chairman was appointed and the government agreed to sell a 24 per cent stake by the end of the year. It hopes to raise about $500m through the sale.

Mr Ami Erel, former head of Idan-Elitech, the communications services group, takes over just months before Israel's international telephone lines are opened to competing service providers.

The resolution to sell a stake suggests the government has found a way round the long-running dispute with Cable and Wireless, the UK telecoms company which has a 10 per cent stake in Bezeq. The government has prevented C&W from raising this to 20 per cent.

While the government's relationship with C&W is unclear, Bezeq has heen unable to prepare a prospectus for an international offering.

However, the government agreed yesterday to offer a 10 per cent stake to the domestic market. A further 14 per cent would he reserved for the international market, but sold in *tranches of between 2 and 3* per cent.

"This means that Bezeq may not after all have to issue a prospectus," said a government official. He said the communications ministry would have the option to sell the international tranches directly to the market, or offer them in trade sales to strategic investors.

Bezeq also said yesterday it would press ahead with a US$200m Yankee bond issue in the coming months.

One of Israel's leading companies, its net profits rose 5.3 per cent last year, from Shk626m to Shk659m ($197m), while revenues rose 4.7 per cent, *from Shk7.9bn* to Shk8.2bn.

EUROPEAN NEWS DIGEST

Fiat sells stake in Alcatel Alsthom

Fiat, Italy's largest private company, yesterday sold its 1.9 per cent stake in Alcatel Alsthom, the French telecommunications and engineering group, for FFr2bn ($355.6m) to Société Générale, the French bank, which placed the shares with institutional investors. The deal *marks the end of the relationship* between tha French and Italian conglomerates, which had originally sought to build a strategic alliance with cross-shareholding interests.

Fiat's decision to sell its Alcatel Alsthom stake follows last year's decision by the French group to shed its 2 per cent shareholding in the Italian car manufacturer as part of a radical restructuring. The stake was bought by Ifi and Ifil, the two quoted companies of the Agnelli family who control Fiat, for about L350bn ($210.8m). Following the sale, Fiat no longer had any interest in holding on to its 1.9 per cent stake in the French group. The Turin group said the transaction involved 3,099,759 shares and that it would realise a gross consolidated capital gain of around L200bn from the sale. *Paul Betts, Milan*

Benetton set for acquisitions

Benetton, the Italian clothing group, yesterday reported an 11.5 per cent rise in its 1996 consolidated net profits after clearing all its debt for the first time in its history. The elimination of debt *suggests* that the company is now poised to make an acquisition. Benetton is understood to have been studying various options to strengthen its core clothing business.

Consolidated net profits rose from L220.3bn in 1995 to L245.7bn ($147.96m) *last year, although consolidated sales* fell 2.3 per cent from L2,939bn to L2,871bn. The decline in sales reflected the strong appreciation of the lira and the sale of some non-strategic activities.

In volume terms, sales rose nearly 4 per cent, with *substantial increases in European Union markets, east* Europe and in some Middle East countries. Operating profits fell 9.5 per cent from L443.8bn to L401.7bn. However, the company saw its financial charges fall 73 per cent from L46.6bn to L12.6bn. At the end of last year, *cash flow was L668bn and the company had L133bn in net* liquid assets. Working capital was reduced by nearly L150bn, from L1,285bn to L1,137bn. The dividend has been raised by 18 per cent to L500 A share. *Paul Betts*

CGIP shares 'undervalued'

CGIP, the French holding company with stakes in Valeo, Cap Gemini and Crown Cork & Seal, yesterday launched a campaign to argue that its shares were under-valued. Mr Ernest-Antoine Seillière, chairman, said there was considerable "potential" for the group's share price to increase, given that a new evaluation of its net assets was FFr2,800 a share in March, against an average price during the same month of FFr1,630. This discount – of more than 50 per cent – is extremely high, although most French holding companies suffer substantial discounts in a reflection of scepticism by investors towards the groups.

Mr Seillière stressed the importance of CGIP's role as a "shareholder-entrepreneur", and said his group helped define the strategy of its subsidiaries, put pressure on their managements, and assisted with financing. He was speaking as the group announced that 1996 net income almost doubled from FFr514m to FFr1.3bn ($231m). The surge reflected a turnround from losses of FFr56m in 1995 to profits of FFr29m at Cap Gemini, and a steady progression of profits in its other divisions. However, most of the increase for the group was attributed to a jump in exceptional profits, to FFr670m from FFr74m, triggered by a FFr480m capital gain on the sale of a 10 per cent stake in Crown Cork & Seal, the US packaging group, FFr88m from the sale of a 3.2 per cent stake in Cap Gemini, the software company, and the write-back of FFr309m in provisions, offset by a FFr207m provision against risks. *Andrew Jack, Paris*

Wärtsilä merger cleared

Metra, the Finnish industrial group, will today announce *the formal go-ahead for the merger of its Wärtsilä Diesel* division with Fincantieri Cantieri Navali Italiana, the state-owned Italian shipyard. The deal, unveiled last September, can now proceed following approval from a number of national competition authorities in Europe.

The joint venture, in which Metra is to hold an 85 per cent stake, will be leader in medium-speed diesel engines for the shipping industry, with a 25 per cent market share. It will also be leader in medium-speed diesel engines for electricity generation. It will have 9,100 employees and annual sales of about $2.4bn, around half of them in south-east Asia. This reflects the region's strength in shipbuilding and the rapid growth in demand for electricity. Metra said Wärtsilä, which accounted for almost 70 per cent of group sales last year, was committed to strengthening its presence in Asia-Pacific. *Greg McIvor, Stockholm*

Mediaset profits slip

Mediaset, the Italian television and advertising group controlled by Mr Silvio Berlusconi, the former prime minister, yesterday reported a 2 per cent fall in its 1996 net profits to L445.3bn ($268m) from L454.6bn in 1995. The profit drop reflects a sharp increase in the company's tax burden, which rose from L123.8bn in 1995 to L389.2bn in 1996. The media group had benefited in 1995 from tax incentives linked with new investments.

However, pre-tax profits rose 16.2 per cent from L731.6bn in 1995 to L850.3bn in 1996, while revenues rose 6.1 per cent from L2,953.8bn to L3,133.7bn. The company said advertising sales in the first three months of this year had increased by 10.4 per cent compared with the same quarter the previous year. Financial charges were virtually eliminated falling from L226.4bn in 1995 to L9.1bn last year. At the end of 1996, the company had net liquid assets of L839bn. The dividend was increased by 11.4 per cent to L195 per share.

Mediaset shares have been underperforming in recent months because of concerns over Italian television broadcasting regulations and the future intentions of some of the company's core shareholders including Prince Alwaleed Bin Talal Bin Abdulaziz Al Saud, the Saudi investor, the German Kirch media group, and the French Canal Plus pay-tv company. *Paul Betts*

Bertelsmann 'not unhappy'

Bertelsmann, the German media group, expects net profits this financial year to exceed the DM965m earned in 1995-96, *after* a rise in the first half to December 31. Turnover rose 5 per cent to DM11.4bn ($6.82bn) in the first six months, with growth in the domestic market of 7.8 per cent, to DM4bn, exceeding foreign growth of 3.3 per cent, to DM7.4bn, for the first time in many years. Mr Mark Wössner, chairman, said Bertelsmann was *"not unhappy"* with progress. "We have achieved our most important goals and feel we are well positioned in international media markets," he added. Officials said he was referring to the creation of Europe's biggest broadcaster through the merger of the TV interests of its Ufa unit with Compagnie Luxembourgeoise de Télédiffusion, as well as to the improved results.

Mr Wössner said the group could continue financing expansion from its own resources. Turnover for the year to June 30 1997 would probably rise to around DM22.5bn from last year's DM21.5bn. Operating profits, down 8 per cent last year to DM1.5bn as a result of higher paper prices and cautious consumer spending, was also up in the first half. Net debt fell DM107m to DM343m. Capital spending was little changed at DM341m. *Andrew Fisher, Frankfurt*

IDAY APRIL 4

IGEST

stake in lsthom

acquisitions

ndervalued'

cleared

slip

unhappy'

£97m purchase of Swedish valve maker 'logical development' after Heimeier

IMI to acquire TA Hydronics

By David Blackwell

IMI, the engineering group, yesterday further strengthened its building products division with the £97m ($154.2m) acquisition of a Swedish valve maker.

The purchase of TA Hydronics, which makes valves that balance fluid flows in heating and cooling systems, comes just over a year after the £130m acquisition of Heimeier, the German thermostatic radiator valve manufacturer.

Mr Gary Allen, chief executive, said the latest deal was complementary to Heimeier, which was bought to broaden the product range and geographic reach of IMI's plumbing and heating business.

"It is a very logical development," he said. "TA is a clear market leader in its field and has a very strong brand name."

TA Hydronics, which exports 75 per cent of its products, has two factories in Sweden and 16 distribution and sales offshoots around the world. Last year the company – part of Swedish group Incentive's environment division – made pre-tax profits of £9.4m on sales of £67m.

The deal, which must be cleared by the Swedish regulatory authorities, is expected to enhance earnings this year. IMI is funding the purchase through existing facilities, lifting gearing from 11 per cent at the year-end to 46 per cent.

The shares yesterday rose 10p to close at 387p – well up on the 1995 placing price of 298p, when £47m was raised to finance the Heimeier deal.

Last mouth the group, which also makes drinks dispensers and fluid power components, reported an 85 per cent rise in 1996 pre-tax profits to £161.1m, including an exceptional profit of £23.6m.

A strong performance by Heimeier helped to offset low growth in existing operations as the group started to reap the benefits of its strategic shift away from UK engineering to a more international operation.

TA developed balancing valves over 30 years ago and they account for 40 per cent of its sales. Radiator valves, stop valves and other fittings account for 35 per cent.

Mr Allen said that as the building parts industry rationalised in Europe, distributors would be looking for suppliers able to deliver a good brand and proper back-up service.

CU backs down on voting proposal

By Christopher Adams, Insurance Correspondent

Commercial Union, the insurance group, has backed down over proposals, disclosed only on Wednesday, to deny investors the right to vote on its report and accounts.

CU said yesterday that there would no vote at this year's annual meeting on April 15, but that a formal vote would be reinstated next year.

Mr Nicholas Baring, chairman, said yesterday the board of CU had not been involved in the move to abandon the vote. On Wednesday, the group said it wanted to end the formal vote because shareholders next year would receive a summary set of accounts unless they requested the full one. This made it unreasonable to ask shareholders to pass a resolution on a document that most of them would not have seen. But the plan feced immediate criticism and CU was threatened with an attempt to oust Mr John Carter, its chief executive.

"There was no intention to muzzle the discussion. It was really in the final legal drafting that the resolution got omitted. There was not a specific decision," Mr Baring added yesterday.

He said the gronp's in-house legal department had dropped the resolution and that Linklaters & Paines, the solicitors which act for CU, had played no role.

Linklaters & Paines produced a report last year advising clients on how to deal with annual meetings. It pointed out that for many companies there was no legal requirement that a vote be taken on adopting the accounts.

Pirc, the corporate governance consultancy, had recommended that its institutional shareholder clients vote against the re-election of Mr Carter. However, it yesterday welcomed the U-turn. "We don't think there's anything to he gained from CU isolating itself from normal practice," said Ms Anne Simpson, Pirc's joint managing director.

Pirc is no longer recommending that shareholders vote against the re-election of Mr Carter. But it is advising them to abstain, arguing separately that the two-year rolling contracts for CU's senior executives run contrary to Greenbury guidelines.

LEX COMMENT

Utd Assurance

By merging last year, Refuge Group and United Friendly came up with a perfectly rational response to a rather severe problem: both companies' core market, home services assurance, is inexorably shrinking. So it is just as well the merged company is planning efficiency gains on an undeniably impressive scale: staff numbers in the home services business are to be cut by a third; 60 per cent of the local offices are to bs shnt. The snag is that an equally impressive numhsr of problems remain. For one thing, eight months after the merger was announced United is still no nearer persuading the government that shareholders should get their hands on more than a thin slice of the expected £37m annual efficiency gains. For another, United's attempts to sell outside its core market have so far led to horrible losses – almost enough, last year, to wipe out the rest of its new business profits.

Meanwhile the company is sitting on £1bn in shareholders' capital, on which it last year generated a distinctly unimpressive 8.4 per cent net investment return.

For all these reasons, there is a powerful case for the shares trading at a discount to embedded value – especially since United hardly seems a likely candidate for the takeover speculation which periodically buoys the rest of the sector.

The shares' current modest premium to embedded valne looks no more than a hopeful punt on negotiations with a new Labour government going shareholders' way.

Alpha Omikron loses Aim listing

By Roger Taylor

Alpha Omikron yesterday became the third company to be expelled from Aim, the junior stockmarket, after the resignation of its nominated adviser or nomad.

Its delisting prompted calls from some investors and brokers dealing in Aim stock for changes in the way nomads operate.

Alpha Omikron's delisting followed its failure to find a replacement within a month of the resignation of Henderson Crosthwaite. The Monaco-based company combines a Dubai distribution company with a range activities in former communist states.

Mr Bill Brown, manager of Ivory & Sims's Aim investment trust, one of the largest investors in Alpha Omikron, said: "It is a raging shame that when this company got into trouhle the adviser disappeared leaving the shareholders high and dry."

SCS Satellite Communications Systems and Firecrest lost their Aim listings in similar circumstances. All three had prohlems before the advisers quit.

Mr Brown said nomads shonld be contractually bound to give six or even 12 months notice if they wanted to resign.

Aim-listed companies are required to have a Nomad. If the Nomad resigns, the shares are suspended and the company is given a month to find a new one.

Henderson Crosthwaite said its resignation was purely the result of the merger of its corporate finance arm with Guiness Mahon's. It denied it had resigned because of problems at the company.

New chief to shake up Senior

By Tim Burt

The new chief executive of Senior Engineering yesterday announced plans to reinvigorate the specialist tubing and engineered products group with a more aggressive acquisition and marketing drive.

Mr Andrew Parrish, who joined Senior from Williams Holdings earlier this year, said the group would gear up for bolt-on acquisitions and reorganise its management structure.

"We are still an under-managed and under-resourced business, and the 5 per cent margins in some of the husinesses are unacceptable. Such margins would be a sackable offence at Williams," he said.

Mr Parrish was speaking after Senior reported a slide in pre-tax profits from £32.1m to £3.68m ($4.28m) on sales of £451.3m (£372.1m), including £11.9m from acquisitions.

He hlamed the downturn on Senior's prsviously announced £29.3m loss on the sale of its thermal engineering division, eold for £28m this year.

Underlying operating profits rose 22 per cent to £35.9m (£29.5m) – mainly because of improved profits of £27.5m (£19.5m) at Flexonics, the specialist tubing division.

Flexonics benefited from a 50 per cent rise in sales to vehicle manufacturers and full-year contributions from new subsidiaries such as Jackson Hose Industries of the US and Habia, the Swedish tubing group.

Profits in the engineered products and services division, however, fell from £10m to £8.4m. Mr Parrish said that divisiou would receive some £8m of fresh investment.

Nevertheless, he praised the existing senior management for completing the withdrawal from thermal engineering, where losses fell from £5.2m to £2m.

"Most of the hard work has been done. We now have to exploit the group's technology and engineering skills," he added.

Underlying earnings per share were 7.64p (8.91p).

Fergus Wilde

Andrew Parrish, who has plans to 'reinvigorate' the group

New rules ban wild bid claims

By Ross Tieman

Companies mounting takeover bids on the London Stock Exchange will be barred from making unsubstantiated claims about the financial benefits under rule changes announced yesterday.

Any claims about the impact on the profitability of either the target or the bidder will have to be vouched for by financial advisers and accountants. The company making the claim will also have to give a full explanation of the assumptions on which it is based.

Mr Alistair Defriez, the Panel's director general, said: "We are not seeking to prohibit these statements. We are simply saying that if they are made, there must be reasonable clarity as to what they actually mean".

The changes were announced after a review of takeover rules conducted by the City's Takeover Panel in the wake of last year's £3.9bn takeover of Forte, the UK's biggest hotel group, by Granada, a leisure group.

During the course of the hostile bid battle, Granada made a controversial claim that, were its bid to succeed, it would increase Forte's profits by £100m during the first full year. The claim was allowed after an appeal to the Panel by Forte's advisers, and Granada went on to win. Analyst Mr Mark Finnie, of NatWest Securities, said yesterday: "I really do think it was critical to the outcome", and Granada was on course to realise the £100m of savings during the year to September 30.

Mr Defriez said that the changes in the rule book implied no criticism of Granada. But the Panel was anxious to end any possible confusiou for shareholders.

Rule 19 of the Takeover Code has now been amended hy the insertion of a new nota. Henceforth, any company making an offer for another which makes predictions abont the financial benefits will have to publish explanatory information, including reports by financial advisers and accountants saying the claim has been made with due care. Bidders that want to put a figure on merger benefits will have to consult the Panel in advance.

Rule 28 of the Code will also be altered. Companies which promise sarnings improvements from successful bids will be obliged to warn investors that this does not necessarily mean profits will be higher than during ths previous year, since earnings from its own business may have fallen.

NEWS DIGEST

E-mail link for Vodafone GSM

Users of Vodafone GSM mobile phones will shortly be able to receive e-mail despatched from the Internet following an agreement between Internet Technology Group, the UK's fourth largest Internet services provider, and Vodata, the Vodafone subsidiary.

Shares in ITG gained a further 5p to 70p on the Alternative Investment Market yesterday. They have risen from 43½p in early February.

Mr Jan Murray, chairman, said the system was in the final stages of testing. A commercial service would be offered within the next two months.

The agreement will allow computer users connected to the Internet to create and despatch e-mail directly to a mobile phone. GSM, the international, European sponsored standard for digital mobile telephony, is rapidly becoming the world standard. Tariffs for the new service had yet to be finalised. *Alan Cane*

Littlewoods comes home

Littlewoods, the private retail group, is looking to sell its stores in Russia and India to concentrate on its core operations. "The international stores are a very small part of our business, but they had proved too much of a diversion of management resources," it said.

Littlewoods would not disclose the price on its four stores and nine franchises in Russia and its trial store in Bangalore, but said that sales for its international division had doubled last year from £5m to £11m ($17.[illegible]m).

The division, which includes its overseas sourcing arm, had cut its operating loss from £14m to £7m in 1996.

The retailer, which is also selling its UK high street stores, said it had already received some interest in the Russian stores, set up in 1991, and the Indian operation which it started last year. *Deborah Hargreaves*

Unipart rules out flotation

Mr John Neill, chief executive of Unipart, yesterday ruled out a flotation for the foreseeable future, despite the automotive car parts and accessories group breaking through the £1bn sales threshold last year and the soaring value of directors' and employees' equity holdings.

Sales last year were up 17 per cent at £1.1bn ($1.74bn), and pre-tax profit rose 5.2 per cent to £34.3m.

The group, privatised from the Rover Group 10 years ago, is 50 per cent owned by its managers and nearly 4,000 employers and 30 per cent by institutions. Rover retains a 20 per cent stake. Its share price last year reached 2.3p, compared with 0.05p at privatisation.

Investment is running at about £100m a year, targeted mainly on four motor components manufacturing joint ventures. Three are with Japanese component suppliers to Honda. The fourth is with German group Kautex. All four, creating about 400 jobs, are due to come fully on stream next year.

Unipart has also formed a joint venture with TVS, an Indian components group, to distribute car and truck parts across Europe. Mr Neill said that as part of an increased drive into continental Europe it had been setting up aftermarket operations in countries including Hungary, Poland and Russia. *John Griffiths*

Formula One talks

Formula One motor racing teams and the FIA, motor sport's governing body, are moving towards compromise in a dispute over prize money and TV royalty revenues.

The dispute could obstruct any attempt to stage a stock market flotation of Formula One this summer unless it is resolved. Informal talks in São Paulo during the Brazilian Grand Prix are understood to have gone a long way towards lifting a threat of court action by three "dissident" teams – McLaren, Williams and Tyrrell – over their demands for readmission to the Concorde agreement, which governs relations between teams and organisers and how revenues are distributed.

Unless the dispute is resolved it could be difficult for Salomon Brothers, the US investment bank advising Mr Bernie Ecclestone, the Formula One entrepreneur, to launch a flotation prospectus for the New York and London Stock Exchanges in May, with a view to a float by autumn as originally planned.

The São Paulo talks are understood to involve a compromise under which the three would be readmitted this season, but without full financial benefits being restored until 1998. *John Griffiths*

Middlesex lifts Russian stake

Middlesex Holdings, which specialises in commodities in the former Soviet Union, is paying £4.2m ($6.67m) to lift its holding in Oakol Electrometallurgical Kombinat, a Russian steelworks concern, from 3 per cent to 7.91 per cent.

Middlesex, which yesterday announced it was set to take control of lossmaking oil concern Dominion Energy, signed an agreement with Oakol in February 1996 to purchase yearly for export up to £196m of its steel products. As part of the deal Middlesex was given the right to subscribe for up to a maximum 20 per cent of Oakol's share capital.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 01.04.97: Pool purchase price £/MWh	Final Prices for Trading on 07.03.97: Pool purchase price £/MWh	Pool selling price £/MWh
0030	19.63	15.43	16.13
0100	11.61	16.36	17.06
0130	11.65	25.88	26.59
0200	26.00	25.89	26.59
0230	42.66	17.94	18.64
0300	42.66	17.94	18.64
0330	26.00	16.36	17.06
0400	19.63	16.36	17.06
0430	19.63	15.43	16.13
0500	19.63	11.67	11.67
0530	24.58	11.67	11.67
0600	24.58	11.67	11.67
0630	24.58	18.91	19.61
0700	24.58	20.86	21.56
0730	25.10	27.34	28.04
0800	25.43	27.34	28.04
0830	25.43	24.56	25.26
0900	27.65	31.83	32.53
0930	30.45	28.50	28.20
1000	42.33	31.83	32.53
1030	42.34	31.83	32.53
1100	42.34	31.83	32.53
1130	42.34	31.83	32.53
1200	30.46	31.83	32.53
1230	30.45	31.83	32.53
1300	30.45	31.83	32.53
1330	30.44	24.80	25.50
1400	27.56	24.58	25.26
1430	26.62	22.55	23.26
1500	26.62	22.56	23.26
1530	26.61	22.55	23.26
1600	25.43	11.69	11.69
1630	25.43	22.55	23.26
1700	25.10	23.69	24.80
1730	25.43	27.34	28.04
1800	25.43	38.18	38.89
1830	25.10	28.78	29.49
1900	11.65	49.92	50.63
1930	11.65	50.08	50.79
2000	11.06	49.90	50.60
2030	52.28	38.17	38.87
2100	52.28	27.34	28.04
2130	25.43	23.89	24.60
2200	25.43	23.89	24.60
2230	25.43	20.86	21.56
2300	25.10	20.86	21.58
2330	24.58	11.57	11.67
2400	11.65	11.63	11.65

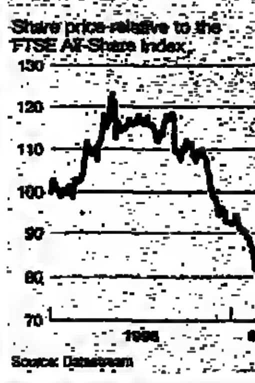
Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. [illegible] The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. [illegible] Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. [illegible] Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. [illegible]
©Energy Settlements and Information Services Limited

Laird defies dull German trading

By Tim Burt

Shares in Laird Group rose 44½p to 389p yesterday after the motor components and building products company defied tough trading conditions in Germany and fears of currency losses to report a modsst increase in profits for 1996.

Although the pre-tax outcome rose only slightly from £66.1m to £66.6m ($105.9m), the group said profits from continuing opsrstions showed a better-than-expected increase to £69.2m (£67.2m) on sales ahead from £854.8m to £973.9m.



Source: Datastream

Mr Ian Arnott, chief executive, said profits would have been about £5m higher but for several unrslated expenses. The group had incurred £1.8m in start-up costs at two new plants in China and ths US, lost £600,000 on currency translation and increased research and development spending by £2m to £12m. A further £1m was spent "taking costs out in Germany".

Underlying operating profits rose from £71.3m to £74.3m, fuelled by sharply increased contributions from non-automotive activities.

Profits in the service industries division rose from £17.6m to £21.7m, while profits were £31.4m (£27.6m) in the industrial products operation. Sealing systems profits, however, fell from £26.1m to £21.2m in the wake of falling prices and declining output in Germany.

Rank to spend £1.5bn on leisure

By Scheherazade Daneshkhu, Leisure Industries Correspondent

Rank Group, the diversified leisure company, plans to spend £1.5bn ($2.38bn) in its leisure division over tha next five years to open new bingo clubs, Odeon cinemas, themed bars and nightclubs.

The annual investment of £300m is 40 per cent up on last year's £215m. It forms part of the strategy implemented by Mr Andrew Teare, since he becams chief executive a year ago, to revitalise the group's core entertainment businesses.

Rank would not disclose the size its total investment programme, hut confirmed that leisure would take the liou's share. The division was the largest contributor to group operating profits last year, making £92m – almost one-third of the total.

The investment follows the group's decisiou to merge its leisure property interests into a single property and development department. Mr John Garrett, managing director of the leisure division, said this would enable Rank to secure leisure sites more quickly at a time when planning permission for large sites was getting increasingly difficult to obtain.

Referring to criticism that Odeon has lagged competitors such as Warner Brothers in building multiplex cinemas, Mr Garrett pledged: "We will never again hear people say 'Wonderbrothers and O Dear.'"

Mr David Flowers, property and development director, said thet three years ago Rank had lagged competitors in building new bingo clubs, hut was now significantly ahead.

Over the next five years, Rank intends to open 60 bingo clubs, 30 Odeon cinemas, 25 nightclnbs, 50 themed bars and 15 casinos.

"Leisure is the fastest growing sector of the property market and we intend to lead thet growth," said Mr Flowers.

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Dividends: Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
BWI	6 mths to Jan 31	42.8	(44.5)	3.31	(3.44)	4.9	(5.1)	3	June 2	3	-	7.3
Cradley	6 mths to Dec 31	12.8	(12.4)	1.19	(1.15)	2.5	(3.1)	-	-	-	-	1.38
Dagenham Motors	Yr to Dec 31	291.9	(287.5)	5.12	(5.11)	13.6	(14.4)	5.5	May 29	5.5	7.7	7.7
Dolphin Packaging	Yr to Dec 31	39.2	(33.4)	5.39	(3.29)	15.4	(9.17)	4.5	May 20	3.3	7	5.2
Five Oaks Invs	6 mths to Dec 31	3.18	(3.13)	1.13	(1.04)	0.85	(1.01)	0.4	May 15	0.35	-	0.8
Hay (Norman)	Yr to Dec 31	8.78	(8.52)	0.216♠	(0.09♥)	1.4	(0.6)	nil	-	nil	nil	nil
Headlam	Yr to Dec 31	186.4	(146.9)	11.8♥	(7.72♥)	15.4	(12.4)	4.35	July 7	3.6	5.8	4.8
Laird	Yr to Dec 31	992.6	(887.9)	66.6	(66.1)	33.4	(33)	8.1	June 6	7.3	13	12
Oliver	57 weeks to Feb 1	69.7	(75)	3.11♥	(5.71L♥)	12.32	(22.81L)	-	-	-	-	-
Rugby Estates	Yr to Dec 31	12.3	(7.46)	2.37	(1.05)	8.7	(4)	1.6	June 4	1.45	2.4	2.175
Senior Engineering	Yr to Dec 31	574.8	(490.7)	2.68♠	(22.1♠)	1.29L	(5.04)	2.38	June 4	2.23	3.82	3.6
Streamline	Yr to Dec 31	182.2	(157.5)	13.5	(13♠)	16.1‡	(15.5‡)	5.8	May 23	-	8.6	-
United Assurance	Yr to Dec 31	-	(-)	549.3♥	(171.4♥)	151.3	(36)	12.6	May 28	9.35	16	13.35
Wescol	6 mths to Jan 31	15.8	(12.7)	0.508	(0.412)	1.3	(0.9)	0.4	June 4	0.3	-	1

Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Perpetual Japanese	6 mths to Jan 31	56.4	(88.4)	0.066L	(0.061L)	0.2L	(0.2L)	-	-	-	-	-

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. ♠After exceptional charge. ♥After exceptional credit. †On increased capital. ‡Pro forma.

RECRUITMENT

A balanced lifestyle is the student objective, says **Richard Donkin**

Get-a-life generation

The Newtonian lew of physics which states that for every action tbere is an equal and opposite reaction is often noticeable in wider society.

It is the principle of the backlasb. When a trend sends tbe normal way of doing things out of kilter it will result, eventually, in a correction or period of redress – in the same wey tbat boom leads to bust, cavaliers led to roundheads and trade unioo excess led to industrial relations laws.

Today, many who bave jobs are working too many hours and the trend is on the increase. Only last week a survey of 730 companies by Robert Half International, financial recruitment consultants, found accountants were working nearly 48 hours a week on average. Nearly a third did not take their holiday entitlemeot and many were taking work home at weekends.

But, as the trend to work longer and barder continues among the generation that discovered tbe meaning of downsizing, it should not be surprising that a new generation is developing differing attitudes to work.

This "get-a-life" generation bas emerged in a survey of more than 1,200 business students from 30 of the world's leading universities carried out for Coopers & Lybrand, the accountants, by Universum Internatiooal, a Swedisb-based research company.

The business students said their number one goal was to "achieve a balanced lifestyle and to have a rewarding life outside of work".

These statemeots featured most strongly wben the students were asked to rete tbeir top three priorities. Typical of students' desires to bave their cake and eat it, competitive salaries and opportunities to reach managerial levels also rated highly, if less strongly than the statements emphasising quality of life.

Almost a quarter of tbe students said they had studied abroad and just over a fifth had international work experience, leading Nicholas Moore, chairman of Coopers & Lybrand Internatiooal to describe them as the "first global generation".

Tbere seems to be a dicbotomy bere. Students appear to be fulfilling tbe potential for Coopers & Lybrand's vision of e truly international business staffed by people wbo can move with ease across the globe. Yet these same students say they want a rewarding life outside work.

While businesses such as Coopers & Lybrand can deliver tbe rewards and travel opportunities tbat graduates will demand, they may find that structuring employment to allow balanced lives may be more difficult. The Robert Half survey suggests many accountants are not achieving that rewarding life outside work.

Headhunting

Rapid growtb in the US bas pushed worldwide revenues of the world's six largest headhunting groups beyond $1bo (£613m) for the first time, according to Hunt Scanlon Publishiog in its Executive Searcb Review newsletter.

Korn/Ferry International, the largest group, had worldwide revenues in 1996 totalling $256.8m, more than half generated outside tbe US. Spencer Stuart had the highest global growth rate with international revenues rising 19 per cent.

Hunt Scanlon says two factors are driving the growth: corporate restructuring bas run its course leaving companies seeking to strengthen manegement; and headbunting is gaining greater acceptance internationally.

International living costs index: selected cities

Country	City	Living cost index	£1 =	RPI %	Country	City	Living cost index	£1 =	RPI %	Country	City	Living cost index	£1 =	
Japan	Tokyo	159.50	190.283	0.5	Ivory Coast	Abidjan	101.57	835.595	5.6	Ukraine	Kiev	85.46	2.944	108.9
Iceland	Reykjavik	159.03	111.717	2.6	Kuwait	Kuwait	101.57	0.5	4	Czech Rep	Prague	85.32	45.602	8.6
Switzerland	Geneva	134.22	2.226	0.7	China	Beijing	100.45	13.628	6.9	Malaysia	Kuala Lumpur	85.11	4.21	3.3
Norway	Oslo	130.33	10.761	1.7	UK	London	100.00	1	2.7	Algeria	Algiers	84.75	93.791	21.4
Gabon	Libreville	130.14	874.5	17.6	Israel	Tel Aviv	99.49	5.448	11	Poland	Warsaw	83.61	4.764	19.1
Denmark	Copenhagen	120.09	9.917	2.4	Irish Republic	Dublin	97.70	1.007	1.5	Cyprus	Nicosia	83.59	0.784	3.2
Germany	Berlin	118.08	2.59	1.4	Malawi	Lilongwe	97.61	25.542	74.9	Romania	Bucharest	83.48	6708.333	34.2
Finland	Helsinki	116.83	7.728	0.5	Chile	Santiago	94.99	705.417	6.6	Canada	Montreal	83.21	2.279	2
Sweden	Stockholm	115.57	11.376	0.6	India	New Delhi	94.95	59.733	8.9	Ghana	Accra	83.08	2833.333	54.2
Germany	Munich	113.96	2.59	1.4	Peru	Lima	94.91	4.298	11.8	US	Los Angeles	82.27	1.667	3
Hong Kong	Victoria	111.79	12.896	5.6	Croatia	Zagreb	94.75	9.23	4.9	Bahrain	Manama	82.21	0.628	2.7
Uruguay	Montevideo	110.46	14.467	27.1	Luxembourg	Luxembourg	94.73	53.333	1.4	Canada	Toronto	82.18	2.279	2
France	Paris	110.11	8.745	1.6	Saudia Arabia	Jeddah	94.27	6.251	1.3	Pakistan	Karachi	81.89	66.8	10.3
Italy	Milan	109.64	2546.917	2.6	Sri Lanka	Colombo	93.64	94.042	16.4	Philippines	Manila	81.44	43.833	4.6
Latvia	Riga	108.51	0.919	17.4	Spain	Madrid	93.42	218.083	3.2	Australia	Sydney	80.66	2.087	2.1
Netherlands	The Hague	108.87	2.906	2.3	Netherlands	Amsterdam	93.09	2.906	2.3	Kenya	Nairobi	79.57	91.5	9.6
Italy	Rome	108.37	2546.917	2.6	Ethiopia	Addis Ababa	93.00	10.167	2.2	Colombia	Bogota	78.29	1669.108	21.9
Austria	Vienna	107.13	18.225	2.3	US	Washington	92.56	1.667	3	Turkey	Ankara	77.61	177742	80.4
Singapore	Singapore	106.69	2.333	1.4	Jordan	Amman	92.37	1.183	5.1	Egypt	Cairo	77.08	5.665	15.6
New Zealand	Wellington	106.02	2.352	5.9	Estonia	Tallinn	91.89	20.712	26.7	Mexico	Mexico City	74.10	13.071	27.8
Korea (South)	Seoul	105.78	1407.833	4.8	Greece	Athens	90.53	411.833	7.7	Ecuador	Quito	73.96	5833.333	22.8
Belgium	Brussels	105.67	53.333	2.4	Portugal	Lisbon	89.73	260.217	3	Nepal	Kathmandu	72.37	94.625	9.2
Spain	Barcelona	105.07	218.083	3.2	Morocco	Rabat	89.04	14.701	1.9	Hungary	Budapest	71.47	268.267	20.1
Taiwan	Taipei	104.51	45.843	3.2	Bangladesh	Dacca	88.24	70.75	2.7	Zimbabwe	Harare	70.94	18.008	23.7
Brazil	Brasilia	104.43	1.73	10.6	UAE	Abu Dhabi	88.24	1700	6.2	South Africa	Johannesburg	67.09	7.804	9.1
Russia	Moscow	103.80	9254.167	23.9	Indonesia	Jakarta	87.26	3934.167	6.9	Venezuela	Caracas	65.29	792.667	109.2
Argentina	Buenos Aires	103.64	1.666	0.4	Nigeria	Lagos	86.92	132.667	31	India	Bombay	64.25	59.733	8.9
US	New York	102.23	1.667	3	Tunisia	Tunis	86.46	1.661	3.4	Honduras	Tegucigalpa	62.85	21.217	24.3
Jamaica	Kingston	102.21	56.667	25.6	Thailand	Bangkok	85.63	42.692	4.8	Bolivia	La Paz	58.09	8.65	13.1

Tokyo tops table

Listed above is tha latest update to the cost of living index featuring a sample of cities drawn from P-E Interoational's Worldwide Living Costs survey which looks at ebout 120 countries. The exchange rate is that on January 31. To update the index divide the exchange rate by the new rate and multiply the result by the table's index figures.

The index is drawn from six European cost-of-living indices and is based on the consumption needs of e married couple with two schoolchildren. It excludes house rents and tax levels.

The Japanese city of Tokyo has overtaken Reykjavik as the most costly place to live in the world.

Worldwide Living Costs. P-E International, Park House, Wick Road, Egham, Surrey TW20 OHW. Tel 01784 434411. £650.

LEADING INTERNATIONAL DERIVATIVES HOUSE

DERIVATIVE MARKETEER

CITY

This organisation is the London based Capital Markets arm of one of the world's leading financial services institutions with group assets in excess of $500 billion. Their continued successful growth in the Pan-European markets is the result of actively marketing derivative solutions to the needs of their blue chip client base. This growth has led to an unrivalled opportuoity within their derivatives marketing unit.

The team provide pricing, structuring and marketing support for the group's customers, focussing mainly on Interest Rate and currency derivatives. This role primarily concentrates on the French market, also providing scope to cover a wider base for the successful candidate. You are likely to have:

- At least two years of relevant derivatives marketing experience
- Strong mathematics background
- Ability to communicate effectively and clearly with senior Bank personnel and clients
- Educated to University level and be SFA registered - General Representative
- Bilingual French/English, other European languages an advantage

If you bave the necessary pre-requisites, please contact **James Mackenzie ACA** at our retained consultants **Robert Walters Associates** by sending e detailed CV stating current remuneration to **10 Bedford Street, London, WC2E 9HE.** Telephooe: 0171 379 3333, fax: 0171 915 8714. Email:james.mackenzie@robertwalters.com

ROBERT WALTERS ASSOCIATES

LONDON WINDSOR AMSTERDAM BRUSSELS NEW YORK HONG KONG SYDNEY WELLINGTON AUCKLAND

FS30091

PRODUCT MANAGERS

Opportunities for financial markets professionals £30–50K plus excellent benefits

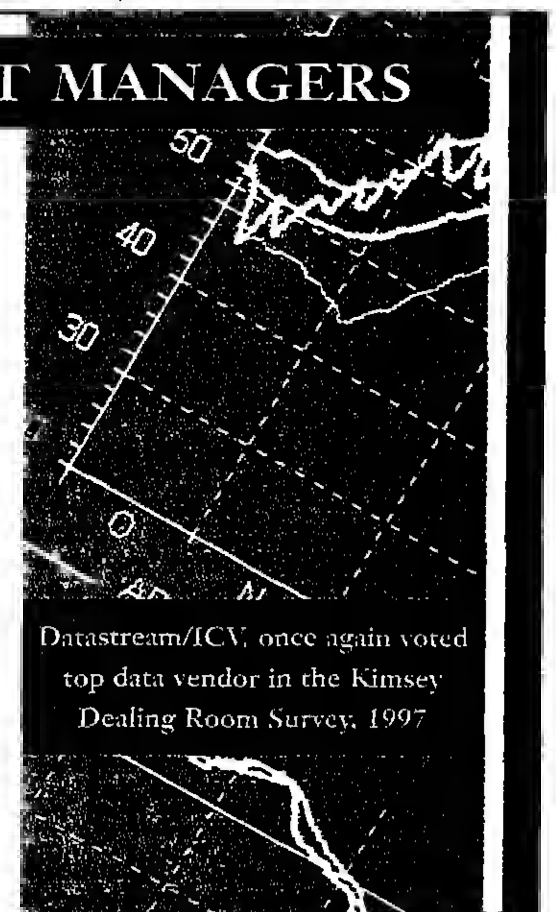
Datastream/ICV provides real-time and historic financial information services to the investment community worldwide. Over 5,000 organisations in 50 countries depend on our dynamic range of products, individually tailored to user processes and market needs. With the support and prestige of our parent company, Primark, an $800 million US corporation, we have moved into exciting times, developing new products, new services and further expanding our global presence.

Working within the Corporate Marketing team, our Product Managers take responsibility for a specified portion of our multi-million dollar investment research business.

Providing vital input into the on-going development of our corporate strategy, you will take ownership of the development of your business line. This key role will involve the identification of threats and opportunities, the formulation of strategies in response to these factors and working with cross-functional teams to build and launch products to meet the sophisticated needs of our customers. During this exciting period of investment and growth you will also be given the opportunity to tackle marketing projects with sister companies in the Primark Group.

To meet this challenge, you could be from one of two backgrounds. You will either have a command of the principles of marketing gained from a product management role within the investment industry, or a detailed understanding of how financial information is analysed to support investment decisions, gained from a broking or fund management environment. Whichever background you have, you will have a thorough understanding of current technology trends, combined with exceptional tenacity, creativity and influencing skills.

Please forward your CV and details of current remuneration to Annette Perry, Datastream/ICV, Monmouth House, 58-64 City Road, London EC1Y 2AL.



Datastream/ICV, once again voted top data vendor in the Kimsey Dealing Room Survey, 1997

DATASTREAM/ICV

PRIMARK Global Information Services

AFRICA : COMMERCIAL BANKING

Challenging opportunities to develop a new commercial banking group

Mesacom is the holding company for the African banking interests of three of Kenya's oldest and largest business groups. These include: Meghraj, with operations in the British Isles and India: Comcraft, which has global interests in the industrial and service sectors; and Steel Africa; which is internationally involved in manufacturing, processing and trading.

Mesacom is currently investing in or forming new commercial banks in countries in Eastern, Central and Southern Africa. In addition to an existing shareholding a bank in Zambia; Mesacom plans to commence operations in Kenya, Tanzania, Uganda, Mauritius, Malaw and Zimbabwe.

Applications are invited for the following positions in this young and ambitious group. This is an exciting opportunity for experienced bankers with knowledge of the region to join the organization and make a significant contribution to its successful development.

Group Managing Director — **Nairobi**

A Managing Director is sought for Mesacom Group to develop and execute group strategy on behalf of the shareholders. The Managing Director will be responsible for overseeing the group's investments, the opening of new banks subject to receipt of licences and, together with the individual Managing Directors, for their operation.

The Group Managing Director will be responsible for ensuring that the banks in the group exploit opportunities for cooperation. The candidate will also liaise with the shareholders in the development of merchant banking services to the banks' clients.

An experienced banker is sought, with a broad range of experience of all aspects of commercial banking including lending, treasury, trade banking and risk management.

The candidate will have a minimum of 15 years' experience of which at least one third will have been spent in Africa, probably with a major banking group. He will be Mesacom's principal contact with government and industry.

Managing Directors — **Eastern, Central and Southern Africa**

Candidates are also invited to apply for the positions of Managing Director of individual banks in the Mesacom Group.

Senior commercial bankers are sought with the experience and ability to establish new banking operations offering the highest service standards to corporate customers.

Candidates should have experience in banking in Africa.

To apply, send a detailed CV outlining details of your experience and including current salary and benefits, to A M P Shah, Mesacom Holdings Limited, Meghraj Court 18 Jockey's Fields, London WC1R England.

Interviews will be beld in London and/or Nairobi.

Head of EMS and Tier Two Currencies

Foreign Exchange

Global Investment Bank

£Excellent — **City**

THE COMPANY

- Prestigious, innovative, profitable banking group. Success story within investment banking.
- Headquartered in London with office network in over 20 countries.

THE POSITION

- Responsible for running the EMS and Tier Two currencies desk of a profitable and successful Foreign Exchange business.
- Maintain a strong presence in EMS currencies while also successfully transitioning into Tier Two currencies.
- Assist in the management of the overall FX trading business.

QUALIFICATIONS

- Minimum 10 years' market experience. Must have exposure to EMS and Tier Two currencies. Previous experience of managing large Spot FX desk desirable.
- Knowledge of wide variety of products and their effect on EMS and Tier Two currencies. Familiarity with Derivatives products essential. Experienced in building a business. Proven P & L track record.
- Due to global nature of FX business, familiarity with working in multiple locations, both in head office and regional offices preferred.
- Demonstrable leadership qualities. Foreign language ability vital.

Please send full cv, stating salary, ref FS703A2, to NBS, 10 Arthur Street, London EC4R 9AY
Fax 0171 625 1525 Tel 0171 625 1520

Aberdeen • Birmingham • Bristol • City • Edinburgh • Glasgow • Leeds • London • Manchester • Slough • Madrid • Paris

NB Selection – Financial Services — NBS — Selection and Search

A BNB Resources plc company — ISO 9002 Registered

MANAGING DIRECTOR

ASSET MANAGEMENT COMPANY — **KUALA LUMPUR**

We have been retained to find a 30/50 year old generalist fund manager to head up a joint venture between a major UK-based asset management company and one of Malaysia's leading financial and industrial groupings.

The job calls for a senior equity fund manager and the ability to head a small team and lead a business is more important than regional knowledge. We would therefore welcome applications from non-Far East fund managers.

The requirement is for someone who can take up the role in the near future and give a three/five year commitment.

The company will initially provide asset management for a unit trust operation based in Kuala Lumpur but there are likely to be further developments in the pipeline which will allow the operation to grow significantly.

A generous salary supplemented by a bonus and appropriate expatriate package is envisaged.

Please reply to Colin Barry, Managing Director at KW Selection, 140 Park Lane, London W1Y 3AA. Fax No. 0171 355 1521.

Initial applications are requested by letter or fax by Thursday 10th April.

KW SELECTION

A Knight Wendling Company

INTERNATIONAL FINANCE MANAGER

Exceptional Opportunity in International Treasury with Oil and Gas Major

Central London — Excellent Package

Mobil is one of the world's leading integrated oil, gas and petrochemical companies, with extensive exploration and production interests and a major presence in the marketing and refining of petroleum and related products.

As a result of an internal promotion, we now have a vacancy within our Treasury function, reporting to the Regional Treasurer - Europe and Central Asia, Africa and the Middle East.

Working autonomously with senior managers from all affiliates, i.e. Exploration and Production, Marketing and Refining and Chemicals, you will provide financial analysis and negotiation support for a variety of projects such as joint venture investments and merger, acquisition or divestment opportunities, ensuring optimal financial results for the overall Business Plan. You will also keep abreast of products and programmes available from external financial institutions, and negotiate terms for those appropriate to your client's needs.

Degree qualified, preferably in a finance-related subject, and computer literate, you will have gained 5-7 years' experience in a Treasury function of a large blue-chip organisation. Preference will be given to candidates with experience in project financing, tax-effective funding and risk management. Exposure to upstream oil and gas, either working within the industry, or acting as an adviser to it, would also be an advantage. As the role involves a degree of international travel, a second European language would therefore be beneficial.

Mobil offers a competitive salary and benefits package with a commitment to both personal and career development. If you see this opportunity as the next step to enhance your already successful career, then send your CV with current salary details and quoting reference MD5347, to David Lloyd/Jerry Goldsmith at Macmillan Davies Hodes, *Salisbury House, Bluecoats, Hertford SG14 1PU.* Tel: 01992 552552. Fax: 01992 505301. E-mail: goldsmit@macdmail.mhs.compuserve.com

Mobil is an equal opportunities employer.

Mobil The energy to make a difference.™

HEAD OF COMMERCIAL DEVELOPMENT

MAJOR PLAYER IN UK ENERGY MARKET

SOUTH EAST — **c. £70,000**

- Our client is a major integrated participant in the rapidly changing energy supply and trading marketplace, principally in the UK, although with other international interests.
- The dynamics of the gas, oil and electricity marketplaces in the UK and overseas have led to substantial trading and/or joint venture and acquisition opportunities at many points in the energy trading chain.
- A key role has emerged to add to the commercial strength of this rapidly growing market participant, driving commercial development and opening opportunities in the UK, *USA and possibly other European markets.*
- Of Graduate calibre your background will include significant commercial development in the global energy marketplace. Your background could include petroleum, gas or possibly other energy sectors, including electricity generation and distribution.
- Self-starting and opportunistic you will have a record of innovation and success in both the development and completion of new trading opportunities. A skilled manager, vital to your success will be the ability to act both independently and as part of a team.
- A willingness to travel, high energy and a desire to win will be key qualities of the job holder who will face significant career *development opportunities.*

Please apply in writing quoting reference 1372
with full career and salary details to:
Alan Mumby
Whitehead Selection Limited
11 Hill Street, London W1X 8BB
Tel: 0171 290 2043
http://www.gbnet.co.uk/whitehead

Whitehead SELECTION
A Whitehead Mann Group PLC company

European Head of Equity Finance

City — Excellent Package

Global Investment Bank

Our client is a leading UK based global investment Bank. Its Equities division, as a result of the continuing growth of the securities financing businesses, is looking for a European head to manage the successful implementation of its business strategy with regard to Securities Lending, Prime Brokerage and various Equity related financing businesses.

The position will be London based and report to the Global Head of Equity Finance. The successful applicant must have established financing businesses in multiple locations, including the United Kingdom, the United States and one Far Eastern financial sector. Applicants must have a Finance related degree, and in excess of five years relevant experience. SFA registration is essential, as is the ability to manage a team of professionals.

Applicants will need to demonstrate practical, systems and managerial experience of Securities Lending, Prime Brokerage, Equity Repo, Swaps and Collateral Management techniques. Applicants must have international knowledge of direct lending Institutions, Custodian lenders, Hedge Funds and other borrowing Customers and have experience providing coverage to major Proprietary trading businesses.

Only candidates with a proven track record should forward their résumés, in complete confidence, to Charles Stopford Sackville or Mark Faulkner at SFL.

Ten Wilkes Street, London E1 6QF
Tel +(44) 0171 377 2977
Fax + (44) 0171 377 2919

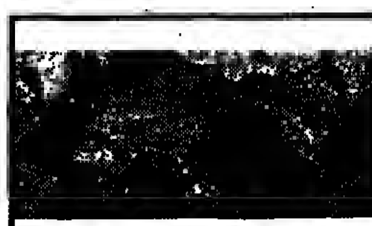
Email Recruitment@sfi-ldn.co.uk
Website http://www.sfi-ldn.co.uk

Securities Finance International
Consultancy | Recruitment | Counterpart Selection | Risk Management | Corporate Design | The Symposium

Appointments Advertising

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday. For information on advertising in this section please call

Courtney Anderson
0171 873 4153
or
Toby Finden-Crofts
0171 873 3456



Ernst & Young Global Client Consulting

European Resource Manager

■ Ernst & Young Global Client Consulting is a multinational organisation which provides global management consulting services to the largest world companies to meet strategic mission critical issues facing these clients.

■ The group now wishes to appoint a European Resource Manager, with the prime mission to support the global account partners through the management of all processes related to facilitating the building of a world-class European capacity and deploying best teams on a pan-European basis.

■ As a key member of this growing *International team, the Resource Manager's* areas of accountabilities include co-ordinating international recruitement, supporting international movements of resources across the world (expatriation and secondment process), implementing performance management processes to evaluate and develop professionals across national boundaries, and managing the international staffing process.

■ Candidates to this unique career opportunity have several years professional experience, partly gained in a professional services firm and a proven track record in developing and implementing leading edge human resource management processes. International experience is necessary to operate effectively in this multicultural context. English is the working language, a good command of another European language is desired. PC fluency is a must. The position will be based in one of Europe's largest cities.

■ An international mind-set, solid planning and organising skills, a strong sense of negotiation and problem solving, excellent interpersonal skills, strategic and business judgement are key attributes to succeed in this challenging role.

■ If your experience and abilities match this position, please write, stating your relevant skills profile together with a CV in English, present remuneration package and availability to Brigitte Morel - Ernst & Young Global Client Consulting - Tour Manhattan - 6, place de l'Iris - Cedex 21 - 92095 Paris la Défense 2 - France.

Photo FOTOGRAMMA STONE

ERNST & YOUNG

The French subsidiary (MF 350 turnover) of an international textiles compagny is looking for a

Finance Controller

Pas de Calais

Working closely with and reporting to the Group Finance Director you will be responsible for all financial and management accounting systems within the company :

- ☐ Preparing and presenting management and statutory reports in accordance with the Group timetable.
- ☐ Preparing quarterly forecasts, budgets and strategic business plans.
- ☐ Maintaining and updating the standard costing system and analysing variances.
- ☐ Leading business and accounting improvement projects.
- ☐ Managing a finance department comprising 10 staff.

Aged 28 to 35, you can work effectively in English and French and have spent some time in industry since qualification. A good communicator and team player, you have proven accounting skills (French and UK Gaap) and a track record of managing change.

Interested applicants should forward a comprehensive CV + photo + phone number + current salary quoting ref MBA 16269, to **Manuel Barthe, Michael Page International,** 3 boulevard Bineau, 93594 Levallois Perret cedex.

Michael Page International

Londres Paris Madrid Milan Amsterdam Frankfurt Hong Kong Sydney Singapur

DE-VI A/S seeks Financial Executive

The Job:
The Financial Executive, reporting to the Divisional Manager and working with others in the department, is responsible for:
- planning, implementing and maintaining our accounting system - Scala.
- planning, implementing and maintaining the company's budget systems, along with creating the necessary budget summaries.
- planning, implementing and maintaining procedural descriptions for book keeping registration along with co-ordinating and ensuring that the procedures are followed.
- calculating and maintaining *the period and annual* accounts and working with the external accountant to document these procedures.

Qualifications:
We expect applicants to have:
- relevant dagree and professional qualifications.
- broad experience within an accounting department and/or a larga accounting company (min. 5 years of experience).
- computer literate, both in accounting systems and *Microsoft Office.*
- experience in staff development and training.
- a thorough understanding of English (our company language) both written and spoken.
- an understanding of Russian is also desirable.

We Offer:
- a challenging job in an exciting and growing company.
- an informal working environment in an international atmosphere.
- *excellent development* opportunities and a salary which matches both the work requirement and the successful applicants' qualifications.

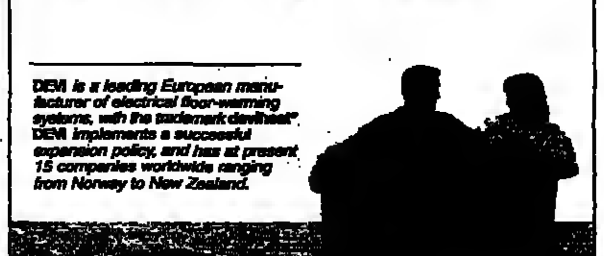
We expect you to take up *residence in Vejle - Denmark,* for a period of 2 years.

Application:
Written application and C.V. to be with us by Friday 18th April 1997 at the latest, marked »Financial Executive«.

DEVI

DEVI A/S
Ulvehavevej 61
DK 7100 Vejle
Denmark
Tlf. +4575858585

DEVI is a leading European manufacturer of electrical floor-warming systems, with the trademark deviheat®. DEVI implements a successful expansion policy, and has at present 15 companies worldwide ranging from Norway to New Zealand.



Oil trading and supply has responsibility for the sale of crude oil, including The state direct financial interest, refined products and natural gas liquids. Statoil is the world's third largest net seller of crude oil and the largest supplier of feedstock to the European petrochemical industry. Statoil's trading activity is based in sales offices in Stavanger, London, New York and Singapore.

OIL TRADING AND SUPPLY

In Statoil's Crude Oil Trading Office in Stavanger, Norway, we have an opening for an experienced

Crude Oil Trader

The applicant should have minimum 3 years prior experience from trading crude oil, as well as solid understanding futures, forwards and derivatives.

The desired person should have a commercial or engineering degree on University level.

Questions regarding the position can be put to Mr. Birger Lunke, Trading Manager, telephone +47 51 805682.

The right candidate will be offered competitive terms.

The company desires a more even gender balance and invites women to apply.

A written application with documentation should be sent before April 11th 1997 to Den norske stats oljeselskap a.s. (Statoil) attn: Ellen-Marie Edland, O&S PO, 4035 Stavanger, Norway

Please write O&S-N018/97 on the envelope.

STATOIL

AUSTRALIA

Australian Embassy, Brussels

PUBLIC AFFAIRS MANAGER

The Australian Embassy in Brussels is seeking an Australian national to direct its public affairs activities for the European Union, the Kingdom of Belgium and the Grand-Duchy of Luxembourg.

The Public Affairs Manager will serve as the Embassy's media liaison officer and develop and maintain high level contacts with key European political and business institutions. He or she will provide support for Australian trade and investment initiatives; and will possess a capacity for basic research and report and speech writing on a range of issues relating to Australia's economic and political interests in Europe.

Applicants must have extensive experience in public relations and media work at practical and managerial levels. They will be able to identify the public affairs aspects of policy issues and arrange public events, including exhibitions, recitals and seminars. They will have strong communication skills and a good understanding of EU policy issues, especially as they affect Australian interests.

The successful applicant will desirably have high level information technology skills, especially relating to word processing, desk top publishing, printing and the Internet. Fluency in at least one of Belgium's national languages will be a decided advantage. To meet security requirements, applicants must hold Australian citizenship.

Applications should be sent to the Australian Embassy, (marked Public Affairs Manager), Rue Guimard 6-8, 1040 Brussels by 18 April 1997.

FINANCIAL TIMES

Les Echos

The FT can help you reach additional business readers in France. Our link with the French business newspaper, Les Echos, gives you a unique recruitment advertising opportunity to capitalise on the FT's European readership and to further target the French business world.
For information on rates and further details please telephone:
Toby Finden-Crofts on +44 171 873 3456

FINANCIAL PROGRAMMER

Bear Stearns Bank PLC, the banking subsidiary of Bear Stearns based in Ireland, seeks a candidate with 3-5 years programming experience using C++ and relational databases. The candidate should be degree educated with good UNIX experience. *Knowledge of Fixed Income and Equity products is necessary and* a knowledge of Derivatives is extremely desirable. The individual being sought will initially be responsible for integrating existing systems within the Bank's infrastructure and for designing and implementing capital adequacy reporting systems. The candidate will also provide systems support to the office, relying on the global Information Systems group of Bear Stearns.

If you are interested in applying for this vacancy, please send/fax your curriculum vitae and letter of introduction to:

Pascal Lambert
Bear Stearns Bank PLC
Block 8, Harcourt Centre, Charlotte Way,
Dublin 2, Ireland.
Tel: (3531) 402 6201
Fax: (3531) 402 6222

BEAR STEARNS

THE WORLD BANK, the leading multilateral organization in global economic development, seeks qualified candidates for

PROJECT FINANCE SPECIALISTS IN INFRASTRUCTURE

Duties. Provide intellectual leadership/advice in:
(a) developing sustainable sector and project financing mechanisms and strategies to support sector development objectives; (b) developing co-financing packages including export credits, commercial bank financing, and development assistance financing from bilateral/multilateral sources;
(c) promoting more active private sector participation in the financing of sector needs.

Requirements. (a) MBA in Finance or advanced degree in Economics or equivalent; (b) minimum 6 years solid experience in project financing for the private sector development of infrastructure services, including an impressive track record of excellence and innovation in a private or public financial institution; (c) proven capacities in project management; (d) excellent communication skills.

These positions are based in Washington, DC, USA. The World Bank offers a competitive compensation package, net of taxes, including expatriate benefits. Pleasa respond before April 25, 1997 and mail/fax CV to **The World Bank, Recruitment Unit, Job Code: INFR FIN, Rm. MC-4-127, 1818 H St., NW, Washington, DC 20433, USA. Fax (202) 473-8901.**

The World Bank

APPOINTMENTS WANTED

Managing Innovation

Experienced director large & small electrical companies. Successful global management of technical innovation including acquisitions/JVs Europe, US, Asia. Available for active or advisory role.

Tel: 01244 343891

APPOINTMENTS WANTED

Mutual Funds

Sales Zurich

Independent Financial Advisory company seeks distribution agreements with banks, unit trusts. etc. for the distribution of high quality funds with proven track records.

Advisory Services

84 Bahnofstrasse CH-8001
Zurich. Ph 0041 (1) 222 15 80
Fax 0041 (1) 222 15 81

European Bank
for Reconstruction and Development

The European Bank has a unique challenge: to assist the countries of central and eastern Europe and the former USSR in their transition to market economies. The European Bank supports projects through lending, taking equity positions and providing technical assistance.

The Banking Department focuses on the development of the private sector, restructuring and privatisation of the state assets, creation and strengthening of financial institutions, development and improvement of the environment, including action to improve nuclear safety.

Along with a competitive compensation and relocation package, we offer action and achievement in a truly historical enterprise.

...S Manage...

... Department Front Office needs ... (m/f) to run a team of highly ... management information that is ... of ... Banking Department.

... at the Bank's headquarters in ... will focus on two main areas:

MIS Data and Reporting

☐ Design and co-ordinate an ... basis for Banking Department Business ... and Team Appraisals; ☐ Ensure fast and ... weekly, monthly and semi-annual ... cycle; ☐ Manage the extension of reporting ... the Banking Department.

Banking IT Systems

☐ Seek efficiency gains in the Banking ... IT ... and development; ☐ Improve ... systems integration, data ... of data; ☐ Work closely with IT ... on ... affecting the Banking ...

... candidate will have: ☐ At least ... developing and ... relational ...

... quoting reference

European Bank
for Reconstruction and Development

The European Bank has a unique challenge: to assist the countries of central and eastern Europe and the former USSR in their transition to market economies.

The European Bank supports projects through lending, taking equity positions and providing technical assistance.

The Banking Department focuses on the development of the private sector, restructuring and privatisation of the state assets, creation and strengthening of financial institutions, development and improvement of the environment, including action to improve nuclear safety.

Along with a competitive compensation and relocation package, we offer action and achievement in a historic enterprise.

...ead of Moscow O...e

The Bank is looking for a new Head of ... is returning to London after ... than 4 years.

This is a key appointment for the ... of the Russia Banking Team in London ... direct manage a staff of 30 people.

Main responsibilities will be to: ☐ ... promoting the Bank and its mission ... ☐ Coordinate and supervise banking ... and further develop key relationships ... Government officials at federal, regional ... in ..., multi-lateral/bi-lateral donors, ... the business community. ☐ Manage the ... with ... Financial Institutions and the ... of ... Agencies. ☐ Co-ordinate the ... on ...'s private sector and privatisation.

... candidate will have: ☐ Fluency in ... communication skills in ... during the ...

... a ... principal activity. ... skills. ☐ Computer literacy.

... quoting reference

ACCOUNTANCY APPOINTMENTS

CHIEF FINANCIAL OFFICERS

CHINA **US$120,000 + BONUS + BENEFITS**

This company, based in Beijing, is China's leading direct investment company. With US$500m under management and employing over 100 people the company adopts an industry focused approach to investing. With 17 majority-owned Joint Venture investments in two of China's leading industries - Auto Components and Beer, the corporate strategy is to contribute not only capital but also management and technology to all its Joint Ventures.

The need has now arisen for a Chief Financial Officer for both the Auto and Beer divisions.

With a team of investment managers and JV finance representatives and reporting directly into the board, each Chief Financial Officer will be responsible for:

- financial reporting
- MIS
- internal controls
- capital expenditure, cash and working capital management.

In addition, he/she will oversee budget preparation, measurement and required action steps to grow the business including championing quality and cost initiatives.

Aged 34-45 the successful candidate will be a qualified accountant and/or MBA. Commercial experience is essential, preferably in industries relevant to those mentioned above. Mandarin is not necessary.

You will be expected to perform a valued-added role and will participate at the highest levels of the company and its Joint Ventures. Career prospects, both within the financial sphere and in general management, are excellent in this rapidly growing acquisitive organisation.

Interested candidates who feel they have the skillset required should forward a detailed CV stating current salary package to **Kacey Young at Robert Walters Associates, 10 Bedford Street, London, WC2E 9HE, fax: 0171 915 8714.** Email:kacey.young@robertwalters.com

ROBERT WALTERS ASSOCIATES

LONDON · AMSTERDAM · BRUSSELS · NEW YORK · HONG KONG · SYDNEY · WELLINGTON · AUCKLAND

PolyGram

Newly/Recently Qualified Accountant

LONDON **COMPETITIVE SALARY**

PolyGram is one of the largest global entertainment companies worldwide and the largest music company in the UK. PolyGram has a global turnover of in excess of 9 billion Guilders.

In pop music there is an outstanding array of labels including Polydor, A&M, Mercury, Motown, Island and Def Jam: with artistes such as Shed Seven, Sting, U2, Pulp, Beautiful South, The Cranberries and Oscar winning Babyface. A dominant force in classical music, PolyGram has in recent years expanded into films with notable success. Titles include Four Weddings and a Funeral, Usual Suspects, Shallow Grave and Fargo.

This department occupies a unique position, able to provide a broad overview of the group's activities worldwide. The last year has witnessed the group continuing to broaden its base geographically whilst continuing to develop its established subsidiaries.

Working within a small, professional, highly visible team the responsibilities will include a high degree of autonomy and responsibility for unusual and interesting assignments. Specifically the successful individual can anticipate; fraud investigations and valuation of potential acquisitions including due diligence work. Written reports will focus on increasing business efficiencies thus increasing profit. This is a proactive, forward thinking function, universally acknowledged within PolyGram as a springboard to a Financial Controllers role. It can be no mistake that the current CFO of PolyGram Filmed Entertainment, Senior VP/CFO of PolyGram US music operations and the Senior Regional Controller, Continental Europe all initially worked in this division.

Candidates will be aged between 26-30, Chartered Accountants with a genuine interest in the Media/Music/Film world. Good communication skills together with the ability to interact with executives of all levels are essential.

To discuss this exciting opportunity in greater detail, contact Jon Vonk or Ben Williams at Robert Walters Associates at 10 Bedford Street, London WC2E 9HE. Alternatively telephone 0171 379 3333 or evenings and weekends on 0171 720 1527. Fax 0171 915 8714. Email:jon.vonk@robertwalters.com

ROBERT WALTERS ASSOCIATES

LONDON · WINDSOR · AMSTERDAM · BRUSSELS · NEW YORK · HONG KONG · SYDNEY · WELLINGTON · AUCKLAND

West Yorkshire

FINANCE DIRECTOR

Recently the subject of a Management Buy-out, SIG Architectural Products now seeks an ambitious Finance Director to join a team dedicated to achieving a major position within the European Architectural Hardware Market.

You will be FCA or FCCA qualified and ideally have held a senior financial position within a public company, operating within the engineering sector. Previous Pan European acquisition and public flotation experience would also be advantageous.

A highly competitive remuneratioo package and potential equity stake awaits the successful candidate.

Please respond in writing to:

Mrs J Csaba, PA to Chief Executive,
SIG AP Ltd, Brookfoot Mills, Elland Road,
Brighouse, West Yorkshire HD6 2RW

WALKER HAMILL

Finance Director

Jeddah
Saudi Arabia

To US$110,000 (Tax Free)
+ Car + Expat Bens

This is an exceptional greenfield opportunity with one of the UK's leading international consumer services groups. It is now embarking on an exciting phase of development by entering into a joint venture with a highly sophisticated Middle Eastern conglomerate. Based in Jeddah, the company will capitalise on the combined advantages of an instantly recognisable brand name, highly developed market expertise and extensive knowledge and reputation within the region.

Working with the Managing Director the successful candidate will be responsible for the formation of the business and managing through the commercial launch. Specifically this will involve recruiting a management team, developing an effective finance function, IT management, operational systems development, risk management, strategic and business planning and liaison between the joint venture partners.

The ideal candidate will be a qualified accountant with a minimum of 5 years post qualification experience and a strong record of achievement to date. Applicants must have the desire to participate in the introduction of an internationally renowned brand into an environment that is both challenging and rewarding. It is essential that individuals have previous international experience. Knowledge of the area would be an advantage but is not essential. Crucial attributes include: strong communication skills and a high level of commercial awareness.

The rewards include tax free basic salary, performance related bonus, company car, housing and schooling allowances, the use of extensive leisure facilities and other expatriate benefits.

Interested applicants should write, in the strictest confidence, to Robert Walker or Brian Hamill at Walker Hamill Executive Selection, forwarding a curriculum vitae quoting reference: RW2820.

Finance Director

Multisite Retail

To £60,000 + Bonus & Benefits **North West**

Excellent opportunity in retail subsidiary of substantial plc.

THE COMPANY
- Highly regarded retail subsidiary of £1.5bn turnover plc. c.£200m turnover, highly profitable.
- c.500 outlets, strongly branded, reputation for innovative marketing and flair.
- Fully integrated: own supply chain, distribution and purchasing. Substantial recent capital investment by parent group.

THE POSITION
- Full responsibility for finance and IS functions, reporting to Managing Director.
- Board appointment: providing strategic input; managing 3 year plan and capex appraisal. Lead team of 60.
- Drive major systems improvement initiatives; oversee implementation of new EPOS.

QUALIFICATIONS
- Qualified Accountant with experience of systems implementation, ideally in retail.
- Seasoned manager in a fast-moving, customer-facing organisation. Ability to influence senior colleagues.
- Mature, good interpersonal and presentation skills. An ambitious team player and deliverer.

Please send full cv, stating salary, ref LG70402, to NBS, 54 Jermyn Street, London SW1Y 6LX
Fax 0171 409 1786 Tel 0171 493 6392

Aberdeen • Birmingham • Bristol • City • Edinburgh • Glasgow NBS Leeds • London • Manchester • Slough • Madrid • Paris

NB Selection – Financial Management | Selection and Search

A BNB Resources plc company | ISO 9002 Registered

Finance Manager

Quoted Multinational Group

To £40,000 + Car **Lyon, France**

Commercial role for qualified accountant to lead finance team of recently established French subsidiary.

THE COMPANY
- Major division of diversified international manufacturing and distribution group.
- Divisional t/o c.£300m. Profitable. UK HQ for European operations. Growing French presence.
- Leader in sale, lease and service of high-tech materials handling equipment. Committed to quality.

THE POSITION
- Full responsibility for financial management, including statutory and managerial reporting, of £10m t/o French operation.
- Lead and motivate small finance team. Liaise closely with commercial managers. Key member of senior management team.
- Drive upgrade of reports, procedures and controls to meet Group standards.
- Anticipated minimum of two years in France: post in UK on return if desired.

QUALIFICATIONS
- Bright, ambitious finance professional, minimum two years' PQE. Fluent French speaker.
- Experience of working to French accounting standards, possibly gained on secondment or in expatriate role.
- Flexible, hands-on team player with credibility and presence to liaise across organisation.

Please send full cv, stating salary, ref SL70401, to NBS, 7 Shaftesbury Court, Chalvey Park, Slough SL1 2ER
Fax 01753 819228 Tel 01753 819227

Aberdeen • Birmingham • Bristol • City • Edinburgh • Glasgow NBS Leeds • London • Manchester • Slough • Madrid • Paris

NB Selection – Financial Management | Selection and Search

A BNB Resources plc company | ISO 9002 Registered

CORPORATE FINANCE DIRECTOR

Required by International Financial Services company based in Brussels and London.

You will be a UK qualified accountant with a minimum of 15 years experience with an international company.

Experience of liaison with banks worldwide and reporting to a Board or Chief Executive essential.

You must be free to travel.

Knowledge of a second European language would be an advantage.

Salary and package will be commensurate with experience.

Please write with full CV to Ref: CFD, 85 Cromwell Road, London SW7 5BW

Financial Managers and Business Analysts

Excellent salary and benefits **Based Bracknell**

In just 12 years Dell has established itself as a major player in the global PC market. Inspired thought and sheer hard work have made us into a Fortune 500 organisation with a turnover last year of $7.8 billion and an annual growth rate of over 50%. We're looking forward to an even bigger future, and can offer you the opportunity to influence our growth and to share in it. We have a number of vacancies in the following areas:

European Product Line Business

Reporting to the Finance Director, you will become a key member of a team of business people charged with managing one of Dell's European-wide product lines.

This will involve providing accurate and timely analysis of all aspects of the business to help drive achievement of the aggressive financial and quality goals.

You will be someone who can work at both a detailed level and provide value added business judgement on the numbers. Essential to the role will be the ability to build close working relationships with Dell teams from different functions and in different geographical locations.

Whether a fully qualified accountant or an MBA graduate, you should have at least 5 years' commercial experience. A second European language would be an advantage. Ref: 03/1011/FT.

European Pricing

We are looking for exceptional individuals to take ownership of European Pricing for a specific product line. These challenging roles will require you to develop a blend of marketing and finance skills in order to bring creativity as well as sound business judgement to your decision making.

Working at a senior level with the Finance and Marketing Directors, you will be required to undertake all activities in the pricing process from conception to agreement with the business units.

We are looking for at least five years' commercial experience and you will probably be CIMA or ACCA qualified. You will have a proven track record in distilling complex issues into key elements and communicating clearly and concisely. The ability to persuade and motivate senior management to implement your proposals will be crucial. Fluency in a second language would be beneficial. Ref: 03/1013/FT.

UK Financial Analysis

Working within a sales and marketing environment, you will be providing business advice and analysis to the senior management teams. Responsibilities will include planning, managing financial metrics, pricing and large bid analysis.

Confidence and tenacity are as important as 1 - 2 years' analyst experience. Your ability to win respect in an often pressured professional environment is key. You will be ACA, CIMA or ACCA qualified. Ref: 03/1012/FT.

European Planning & Analysis

We are looking for a highly motivated individual, with a strong financial and business analytical background, to work as one of our Planning Managers within our European Planning & Analysis department.

You will operate at a senior level on the development, presentation and implementation of Europe-wide planning and financial analysis, in a role that will have a direct impact on our company and our people. In a fast-paced and rapidly changing environment, you will produce forecasts that will both guide and drive the activity of our manufacturing facility and our European sales teams.

As well as 5 years' commercial experience, we are looking for a highly developed analytical mind with the tenacity and confidence to challenge views together with a natural flair for creative problem solving and business management. Also essential are outstanding communication and interpersonal skills, a hands-on knowledge of forecasting and trend analysis, an adaptable approach to change and excellent business sense. Experience of working in an international organisation would be advantageous, as would additional language skills. Ref: 03/1010/FT.

If you think you could make your mark in one of the world's biggest commercial success stories, please send your CV, with daytime and evening telephone numbers, to LJA Recruitment Management, 12 Celbridge Mews, Porchester Road, London W2 6EU. Tel: 0171 243 1888. If you are interested in one or more positions, please indicate on your application the appropriate reference numbers.

DELL®

Dell and the Dell logo are registered trade marks of Dell Computer Corporation

REXAM

FINANCE PROFESSIONALS WITH BUSINESS VISION

Rexam PLC's Food & Beverage Sector is a major contributor to this £2 billion, international group, which specialises in the advanced design and manufacture of innovative product and packaging solutions for niche markets world-wide. As our business develops, we have identified the need to strengthen our senior teams within two key manufacturing areas:

FINANCE DIRECTOR – REXAM METALLISING
Based in Thetford, Norfolk

Rexam Metallising is a world leader in producing barrier components for flexible packaging with end products ranging from bag-in-the-box wineboxes to snack and infant foods. With a turnover of £30 million, an aggressive change management strategy and world class new products being developed, this position offers a business-aware Finance Director immense challenge and excitement.

This is very much a hands-on role, where you'll maintain strong controls over our current finance activities whilst improving our current systems, supporting commercial strategy development and devising solutions that will help our business grow competitively within our key markets.

The first thing we will be looking for is a proven track record of implementing change. A fully qualified accountant, with at least three years' experience in a manufacturing environment covering financial and management accounting and business management, you will have a high level of IT literacy with a meticulous approach to detail. As a member of our Management Team you will need to have the ability to manage staff effectively and influence at all levels.

BUSINESS MANAGEMENT ACCOUNTANT – REXAM PLASTIC PACKAGING
Based in Hereford

Rexam Plastic Packaging, a leader in thermoformed plastic and injection moulding, produces many of the containers found within the yellow fats and ice cream markets. With a current sales turnover of £50 million, we operate out of three manufacturing sites in the UK with some business interests in Europe.

As part of our continued development, we are currently seeking a Management Accountant who is ready to take on an active part in making real commercial decisions in business, pricing strategy, capacity utilisation and new product development. Initially, your brief will be to concentrate on the introduction of new information and operational control systems that will provide us with the tools to develop our overall business performance and efficiency.

Preferably qualified to CIMA level, you'll have gained solid experience in a manufacturing environment having successfully implemented an ABC management reporting system. You'll have practical hands-on experience and familiarity with spreadsheet applications, standard costing and MRPII systems. In addition, you'll be assertive, can influence change and have the enthusiasm to build the business.

These senior positions offer first rate salary packages, which include private health insurance, a pension scheme and company car, and relocation to either of these very attractive regions. Promotion prospects, as would be expected within this major organisation, are outstanding.

If you have the skills, experience and personal qualities we have outlined and have been waiting for the right opportunity to make your mark in a high profile manufacturing business, we want to hear from you. Please send your full CV including current salary details and the position you are interested in to:

MOIRA FROGGATT, HR MANAGER, REXAM FOOD AND BEVERAGE PACKAGING, SAFFRON GROUND, DITCHMORE LANE, STEVENAGE, HERTS SG1 3LD.

CHIEF EXECUTIVE

The 4Ps is a body established and funded by the Local Authorities in England and Wales with central government support. It began operation in April 1996 with the role of assisting the development of Local Authority PFI schemes. It is staffed by 6 full time executives with private sector and local government backgrounds on secondment or contract employment.

We are seeking a replacement for the current Chief Executive who will be leaving shortly at the end of his period of secondment and the position is open to potential secondees or direct employees. Candidates below the level of Director/Partner/Chief Officer are unlikely to have the required level of seniority. Relevant experience of the PFI derived from working in the private sector is essential and public sector experience would be an advantage.

Applicants should write before 8th April 1997 with a copy of their CV to:

Paul Bryans, Chief Executive, 4Ps, 35 Great Smith Street, London SW1P 3BJ. Telephone: 0171 227 2841

4Ps is an initiative by the Association of County Councils, the Association of District Councils and the Association of Metropolitan Authorities who are merging on the 1st April 1997 to form the Local Government Association.

QUALIFIED ACCOUNTANT

Permanent Position

SALARY: £25,000 - £35,000

Employers Reinsurance Corporation is one of the world's leading reinsurers specialising in Life and Health, Property, Casualty, Marine and Aviation Reinsurance.

ERC Frankona Reassurance Ltd is a UK subsidiary specialising in UK and International Life and Health Reassurance, and is ultimately owned by General Electric Company of USA.

The group is in the process of designing and implementing a new Life and Health Business Administration System for use globally to improve operating procedures and has an exciting opportunity for a qualified accountant to be involved in this key project.

Located in Folkestone, the job involves liaising with other project members, actuaries, auditors and finance management to ensure that the financial objectives of the new system are met. These include ensuring controllership and quality measurements are built into the system, and also procedures for meeting the requirements for UK and US GAAP reporting. Some overseas travel will be involved.

If you are a team player with drive and initiative this could be the job for you. We are looking for a qualified accountant with life and health reinsurance experience. A knowledge of US GAAP and/or systems design experience would be an advantage.

The remuneration package will be fully reflective of experience and ability. You can expect all the benefits associated with a major reassurance company.

To apply for this position please write enclosing your current CV to Mrs Carol Williams, Human Resources Officer, ERC Frankona Reassurance Limited, Castle House, Castle Hill Avenue, Folkestone, Kent CT20 2TF. The closing date for receipt of applications is Friday 11th April 1997.

ERC Frankona

REXAM

FINANCE PROFESSIONALS WITH BUSINESS VISION

Rexam PLC's Food & Beverage Sector is a major contributor to this £2 billion, international group, which specialises in the advanced design and manufacture of innovative product and packaging solutions for niche markets world-wide. As our business develops, we have identified the need to strengthen our senior teams within two key manufacturing areas:

FINANCE DIRECTOR – REXAM METALLISING
Based in Thetford, Norfolk

Rexam Metallising is a world leader in producing barrier components for flexible packaging with end products ranging from bag-in-the-box wineboxes to snack and infant foods. With a turnover of £30 million, an aggressive change management strategy and world class new products being developed, this position offers a business-aware Finance Director immense challenge and excitement.

This is very much a hands-on role, where you'll maintain strong controls over our current finance activities whilst improving our current systems, supporting commercial strategy development and devising solutions that will help our business grow competitively within our key markets.

The first thing we will be looking for is a proven track record of implementing change. A fully qualified accountant, with at least three years' experience in a manufacturing environment covering financial and management accounting and business management, you will have a high level of IT literacy with a meticulous approach to detail. As a member of our Management Team you will need to have the ability to manage staff effectively and influence at all levels.

BUSINESS MANAGEMENT ACCOUNTANT – REXAM PLASTIC PACKAGING
Based in Hereford

Rexam Plastic Packaging, a leader in thermoformed plastic and injection moulding, produces many of the containers found within the yellow fats and ice cream markets. With a current sales turnover of £50 million, we operate out of three manufacturing sites in the UK with some business interests in Europe.

As part of our continued development, we are currently seeking a Management Accountant who is ready to take on an active part in making real commercial decisions in business, pricing strategy, capacity utilisation and new product development. Initially, your brief will be to concentrate on the introduction of new information and operational control systems that will provide us with the tools to develop our overall business performance and efficiency.

Preferably qualified to CIMA level, you'll have gained solid experience in a manufacturing environment having successfully implemented an ABC management reporting system. You'll have practical hands-on experience and familiarity with spreadsheet applications, standard costing and MRPII systems. In addition, you'll be assertive, can influence change and have the enthusiasm to build the business.

These senior positions offer first rate salary packages, which include private health insurance, a pension scheme and company car, and relocation to either of these very attractive regions. Promotion prospects, as would be expected within this major organisation, are outstanding.

If you have the skills, experience and personal qualities we have outlined and have been waiting for the right opportunity to make your mark in a high profile manufacturing business, we want to hear from you. Please send your full CV including current salary details and the position you are interested in to:

MOIRA FROGGATT, HR MANAGER, REXAM FOOD AND BEVERAGE PACKAGING, SAFFRON GROUND, DITCHMORE LANE, STEVENAGE, HERTS SG1 3LD.

INTERNATIONAL CAPITAL MARKETS

Output data hit German bunds

GOVERNMENT BONDS

By Richard Lapper and Edward Luce in London and Lisa Bransten in New York

Stronger than expected German economic data yesterday hit German bunds and cast a shadow over other core European markets. However, with many investors on the sidelines before today's US employment data, trading volumes were low and markets generally subdued.

In London, the June future on German bunds closed at a contract low after robust industrial output data for February took the markets by surprise. Headline pan-German output rose 1.9 per cent in the month, pushing the year-on-year growth rate to 7.1 per cent.

"All [that] the figures reinforce is the notion of creeping growth and inflation pressures ahead in Germany in the next few months, giving definite confirmation that the next move in German rates is up, not down," said Mr David Brown, chief European economist at Bear Stearns.

The June bund future fell sharply in early trading to hit a low for the day of 99.05, before recovering eome ground to close 0.18 lower at 99.24.

In the casb market tha yield on 10-year bunds rose 2 basis points to 6.03 per cent. Yields have now risen more than half a percentage point in the past four weeks and the 10-year yield spread of US Treasuries over bunds has tightened 5 basis points to 95 points.

"If the dollar remains weak against the D-Mark and other European currencies then the yield on German bunds starts to look quite attractive," said Mr Kit Juckes, bond analyst at NatWest Markets in London. "However any upside will be constrained by the German unemployment figures out next week, which are almost certain to show a strong fall in the number of jobless."

Mr Kirit Shah, chief market strategist at Sanwa International, pointed out that even 6 per cent yields had not attracted retail investors back to the market.

He expected the yield curve to continue steepening and predicted 10-year yields to drift up to 6.25 per cent.

UK gilts fell roughly in line with German bunds, with the 10-year June long gilt future losing $\frac{1}{32}$ to close at 108$\frac{5}{32}$.

In the cash market, meanwhile, the 10-year yield spread over bunds ended the day unchanged at 182 basis points.

A clutch of economic data, which included a survey by the Chartered Institute of Purchasing and Supply showing that the UK service sector picked up in March, had little impact on trading.

Neither was the market moved by publication of the Labour party manifesto, which confirmed the opposition's commitment to tight inflation and public spending targets.

In southern Europe the appreciation of the peseta and lira against both the D-Mark and the US dollar helped boost Italian BTPs and Spanish bonos in otherwise quiet trading.

The futures contract on three-month eurolira rates prices in a 50 basis point loosening in the Bank of Italy's repo rate by the end of the year.

The June 10-year BTP future closed 0.20 higher at 124.62 in London, while tha June bono future gained 0.21 to close at 110.56 in Barcelona.

US Treasury prices were mostly flat in early trading as investors continned to await today's release of figures on March employment levels.

Early in the afternoon in New York the benchmark 30-year Treasury was $\frac{1}{32}$ lower at 94$\frac{1}{32}$ to yield 7.074 per cent, while at the short end of the maturity spectrum the two-year note was unchanged at 99$\frac{25}{32}$ to yield 6.385 per cent.

Meanwhile, the June 30-year bond future was unchanged at 107$\frac{1}{32}$.

Bond prices fell immediately after the release of weekly unemployment figures that were ahead of expectations. New claims for unemployment benefits rose 1,000 to 314,000 last week. This was the first time since 1989 that new claims have been below 320,000 for eight consecutive weeks, according to economists at Donaldson Lufkin & Jenrette.

However, the numbers are known to be volatile and not necessarily a good indicator of the monthly jobs figures, and the bond market quickly steadied near its levels at the close on Wednesday. Economists have estimated that about 198,000 new jobs were created in March.

Mr John Bailey of DLJ said: "Although we find little correlation between initial unemployment claims and payroll employment on a monthly basis, an undoubtedly strong trend is prevalent in the labour market."

Issue of depositary receipts eases

By Samer Iskandar

New depositary receipt issues in the first quarter of 1997 were up only 1 per cent compared with the same quarter last year, after issuers rushed to issue in the final three months of 1996 to take advantage of particularly attractive valuations in the US markets, according to Bankers Trust.

Depositary receipts are certificates issued in lieu of shares and listed on a large exchange such as London or New York.

The total amount raised was $2.13bn, down 26 per cent from $2.9bn in the same period last year. The single largest offering was from VSNL, the Indian telecoms company, which raised $447m last month.

A total of 42 new programmes from 24 countries were established, up from 40 programmes in tha same period a year earlier.

"The small increase in new DR programmes in the first quarter is primarily dne to the stronger than expected deal flow experienced at the end of 1996," said Mr Peter Duggan, vice-president at Bankers Trust.

"Companies which were originally intending to launch their programme in the first quarter of 1997 rushed to issue in the fourth qnarter of 1996 to take advantage of the high valuations available in tha US capital markets."

European issuers were the most active for the sixth consecutive quarter, with 23 programmes, or 55 per cent of the total. Latin America and Asia followed, with market shares of 19 per cent each, and Africa with 7 per cent.

CAPITAL MARKETS DIGEST

Japan eases rules on samurai bonds

Foreign commercial banks will be able to issue yen-denominated domestic Japanese bonds, or "samurai" bonds, from this week, as part of a wider deregulation of Japanese financial markets, the Ministry of Finance said.

Previously, samurai bonds could only be issued by corporate and government-backed borrowers, because of rules restricting Japanese commercial banks' access to the domestic bond market. Citicorp, the parent company of Citibank, and Deutsche Bank are likely to be among the first foreign banks to take advantage of the relaxation of the rules, possibly as early as this month.

Japanese interest rates are at all-time lows, which makes yen-denominated debt an attractive fund-raising vehicle, despite the higher costs of issuing in Japan.

Bethan Hutton, Tokyo

CME taps Mexican peso

The Chicago Mercantile Exchange has launched its first ever products to be denominated in Mexican pesos – futures and options on Mexican three-month Treasury bills. On April 17 the CME will introduce a second short-term interest rate contract, based on the 28-day Mexican Equilibrium Interbank Interest Rate, which will also be peso-denominated.

"We believe thet many Mexican-based banks will take advantage of the authorisation the central bank has given them to participate in trading the CME's newest interest rate products, and judging from the response we've been getting... the demand for Mexican interest rates is even stronger than it was for the peso two years ago," said Mr Rick Kilcollin, the CME president. *Laurie Morse, Chicago*

Hungarian funds to merge

The first ever investment fund in Hungary, the closed-ended CA Securities Hungarian Government Debt Fund, is to be merged into the CA Fixed Income Fund, an open-ended investment fund launched in January. The closed-ended fund has been the most successful of its type, its managers say, with a 53 per cent real return over its five-year life, due to close on April 9.

CA is hoping that roughly half the Ft1.7bn ($10m) in assets will be transferred into the open-ended fund, which is part of the first fund family in Hungary allowing low-cost switching into a sister equity fund.

The two funds have a combined net asset value of around Ft5bn and have been invested respectively in only government securities and blue chip stocks on the Budapest Stock Exchange. The managers' original aim to attract foreign investors into Hungarian debt was thwarted by regulations capping foreign participation at 25 per cent.

Investment in Hungarian funds has reached about Ft170bn, equivalent to about 4 per cent of Hungarian household savings, said Mr Csaba Lantos, a director of CA Securities. *Kester Eddy, Budapest*

Asda returns to sterling sector

INTERNATIONAL BONDS

By Samer Iskandar

A bandful of borrowers ventured into the eurobond market yesterday, despite the edgy market sentiment before today's release of US employment data for March, and sterling was the most active sector.

"In this uncertain enviroonment, sterling is seen as a relatively safe sector," said one banker. "It is not only immune to Emu-related worries, but it is also less vulnerable to US-inspired uncertainty."

Asda Group, the supermarket chain, returned to the market for the first time since 1989, with a £200m issue of 10-year bonds.

"Although market conditions were not easy, the deal went reasonably well," said Merrill Lynch, joint lead manager with NatWest Markets.

Asda also announced that it had bought back £32.8m of its existing 10¼ per cent bonds due 2010, after its offer to buy back up to £35m.

"This transaction allows us to average down our funding cost," Asda said.

The company also said it was not aiming to buy back more bonds, "because we wanted to leave the bonds reasonably liquid".

The World Bank was an active issner, launching three bonds aimed at retail investors. The first, comprising DM250m of five-year notes, saw strong placement in Austria, Switzerland and Italy, according to Commerzbank, the lead manager.

"Investors found the 4¾ per cent coupon very attractive," said a Commerzbank official.

The World Bank's second issue was a dual-currency bond, issued in yen but to be redeemed in sterling.

The bank's third deal consisted of one-year paper denominated in South African rand.

● First National Bank of Chicago and FCC National Bank announced the establishment of a $3bn euro-medium term note programme. Lehman Brothers is acting as arranger for the deal.

New international bond issues

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book-runner
US DOLLARS							
City of Buenos Aires	250	11.25#	99.25R	Apr 2007	1.25R	-	Chase Manhattan Intl
Spintab	125	6.875	99.945	Apr 2000	0.1875	+23(5¾%Feb00)	Salomon Brothers Intl
D-MARKS							
World Bank	250	4.75	99.55R	Apr 2002	0.25R	+10(4¾%Apr02)	Commerzbank
YEN							
World Bank(a)+	15bn	5.60#	98.50	Apr 2000	0.20	-	LTCB International
STERLING							
Asda Group	200	8.375	98.872R	Apr 2007	0.375R	+65(7½%Dec06)	Merrill/NatWest Markets
Export Development Corp+	100	6.55#	100.00	Apr 2000	1.375	-	Nomura International
RAND							
World Bank	150	15.75	100.875	Apr 1998	1.00	-	Hambros Bank

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. +Unlisted. #Semi-annual coupon. R: fixed re-offer price; fees shown at re-offer level. a) Redeemed in sterling.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		6.750	11/06	91.0863	+0.250	8.10	7.87	7.39
Austria		5.625	01/07	97.5200	-0.200	5.96	5.80	5.53
Belgium		6.250	03/07	100.5000	-0.300	6.18	5.96	5.62
Canada *		7.000	12/06	101.3400	-0.160	6.81	6.56	6.22
Denmark		8.000	03/06	107.7600	-0.280	6.81	6.67	6.17
France	BTAN	4.750	03/02	102.2850	-0.040	4.93	4.83	4.34
	OAT	5.500	04/07	96.6900	-0.110	5.95	5.77	5.32
Germany Bund		6.000	01/07	99.7300	-0.190	6.03	5.88	5.52
Ireland		8.000	08/06	106.9600	-0.040	2.96	6.85	6.38
Italy		8.750	02/07	92.5500	+0.290	7.85†	7.75	7.11
Japan	No 143	6.300	09/01	120.2913	-0.200	1.46	1.56	1.40
	No 182	3.000	09/05	105.8982	+0.040	2.18	2.34	2.45
Netherlands		5.750	02/07	98.7600	-0.260	5.92	5.74	5.27
Portugal		9.500	02/06	115.5500	+0.050	7.08	6.99	6.57
Spain		7.350	03/07	100.7800	+0.200	7.22	7.07	2.72
Sweden		8.000	06/07	103.6858	-0.070	7.47	7.40	6.63
UK Gilts		7.000	06/02	98-09	-2/32	7.40	7.26	6.89
		7.250	12/07	96-25	-5/32	7.70	7.56	7.10
		9.000	10/08	109-05	-6/32	7.76	7.64	7.20
US Treasury *		6.250	02/07	95-20	+6/32	6.87	6.69	6.32
		6.625	02/27	94-12	+3/32	7.08	6.90	6.58
ECU (French Govt)		7.000	04/06	104.3000	-0.100	6.36	6.23	5.77

London closing. *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Latest		Treasury Bills and Bond Yields			
		One month	-	Two year	6.40
Prime rate	8½	Two month	-	Three year	6.55
Broker loan rate	7¼	Three month	5.28	Five year	6.72
Fed.funds	5½	Six month	5.51	10-year	6.87
Fed.funds at intervention	-	One year	5.95	30-year	7.08

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	127.46	127.16	-0.22	127.46	127.08	166,362	164,747
Sep	125.84	125.56	-0.22	125.84	125.68	226	4,552
Dec	95.64	95.28	-0.22	95.54	95.54	2	-

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	CALLS May	CALLS Jun	CALLS Sep	PUTS May	PUTS Jun	PUTS Sep
127	0.75	1.18	0.99	0.57	0.96	2.41
128	0.30	0.65	0.64	1.12	1.47	2.93
3.04	0.08	0.33	0.41	1.91	2.14	3.80
3.80	0.02	0.13	0.25	2.84	2.94	-
131	-	0.05	0.15	3.82	3.85	-

Est. vol. total, Calls 22,562 Puts 14,592. Previous day's open int., Calls 115,690 Puts 131,530.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	99.53	99.24	-0.18	99.55	99.05	182972	258248
Sep	98.51	98.29	-0.21	98.51	98.20	438	2268

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	CALLS May	CALLS Jun	CALLS Jul	CALLS Sep	PUTS May	PUTS Jun	PUTS Jul	PUTS Sep
9900	0.69	1.00	0.75	1.08	0.45	0.76	1.46	1.79
9950	0.42	0.72	0.56	0.87	0.68	0.98	1.77	2.08
10000	0.23	0.50	0.41	0.66	0.99	1.26	2.12	2.39

Est. vol. total, Calls 20813 Puts 17336. Previous day's open int., Calls 202480 Puts 231584

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	124.55	124.62	+0.20	124.85	123.98	58060	104114
Sep	124.35	124.67	+0.18	124.35	124.35	10	3138

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	CALLS Jun	CALLS Sep	PUTS Jun	PUTS Sep
12450	1.59	2.63	1.47	2.48
12500	1.32	2.36	1.70	2.68
12550	1.08	2.09	1.96	2.92

Est. vol. total, Calls 2134 Puts 12262. Previous day's open int., Calls 96547 Puts 105808

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	110.45	110.56	+0.21	110.64	110.18	84,114	74,855
Sep	-	108.79	+0.21	-	-	-	-

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	108-20	108-13	-0-08	108-20	108-08	38545	172442
Sep		108-03	-0-08			0	20

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	CALLS May	CALLS Jun	CALLS Jul	CALLS Sep	PUTS May	PUTS Jun	PUTS Jul	PUTS Sep
108	0-61	1-32	1-40	2-08	0-35	1-06	1-34	2-02
109	0-31	0-63	1-11	1-43	1-05	1-37	2-05	2-37
110	0-13	0-39	0-52	1-18	1-51	2-13	2-46	3-12

Est. vol. total, Calls 7410 Puts 7825. Previous day's open int., Calls 57508 Puts 27439

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	92.90	92.70	-0.22	92.90	92.66	549	6,006

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Jun	107-19	107-15	-0-03	107-22	107-12	259,820	432,565
Sep	106-31	106-31	-0-05	107-03	106-30	248	33,461
Dec	-	106-16	-0-07	-	-	60	5,521

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Jun	126.48			126.60	126.48	1444	n/a
Sep	125.21			125.28	125.21	54	n/a

* LIFFE futures also traded on APT. All Open interest figs. are for previous day.

FTSE Actuaries Govt. Securities — UK Indices

Price Indices UK Gilts	Thu Apr 3	Day's change %	Wed Apr 2	Accrued interest	xd adj. ytd		Low coupon yield Apr 3	Apr 2	Yr. ago	Medium coupon yield Apr 3	Apr 2	Yr. ago	High coupon yield Apr 3	Apr 2	Yr. ago
1 Up to 5 years (19)	119.48	-0.01	119.51	2.12	3.40	5 yrs	7.44	7.43	7.53	7.50	7.48	7.58	7.53	7.51	7.66
2 5-15 years (20)	148.05	-0.11	148.56	2.82	2.58	15 yrs	7.82	7.80	8.23	7.83	7.80	8.25	7.75	7.76	8.35
3 Over 15 years (7)	187.36	-0.26	187.79	4.40	3.16	20 yrs	7.89	7.87	8.31	7.85	7.82	8.30	7.76	7.84	8.38
4 Irredeemables (5)	191.88	0.03	191.82	3.57	2.37	Irred.†	7.94	7.93	8.36						
5 All stocks (51)	142.57	-0.11	142.87	2.81	3.07										

Index-linked	Thu Apr 3	Day's change %	Wed Apr 2	Accrued interest	xd adj. ytd		Inflation 5% Apr 3	Apr 2	Yr. ago	Inflation 10% Apr 3	Apr 2	Yr. ago
6 Up to 5 years (2)	203.18	-0.06	203.31	0.88	2.18	Up to 5 yrs	3.39	3.36	2.97	2.67	2.64	1.64
7 Over 5 years (10)	194.81	-0.21	195.32	1.49	1.81	Over 5 yrs	3.84	3.82	3.74	3.44	3.42	3.54
8 All stocks (12)	194.72	-0.20	195.11	1.42	1.83							

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT Fixed Interest Indices

	Apr 3	Apr 2	Apr 1	Mar 27	Mar 26	Yr ago	High*	Low*
Govt. Secs. (UK)	93.40	93.52	93.40	93.63	93.92	92.57	96.62	93.31
Fixed Interest	117.18	117.24	117.22	117.85	117.59	111.56	120.18	115.32

Gilt Edged Activity Indices

	Apr 2	Apr 1	Mar 27	Mar 26	Mar 25
Gilt Edged bargains	NA	NA	77.6	117.3	96.7
5-day average	NA	NA	92.1	98.1	108.3

 * for 1997. Government Securities high since compilation: 127.40 (09/01/35), low 49.18 (03/01/75). Fixed Interest high since compilation: 133.87 (21/01/94), low 50.53 (03/01/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:10 pm on April 3

	Issued	Bid	Offer	Chg	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 00	1500	95⅞	97⅛		7.14
ABN Amro Bank 7¼ 02	1000	99	99¼	-⅛	7.55
African Dev Bk 7⅜ 23	500	96¼	96¾	+⅛	7.71
Alberta Province 7⅜ 98	1500	101½	101⅝		6.56
Asian Dev Bank 6¼ 02	750	94¾	94⅞	+⅛	7.20
Spain 7¼ 03	4000	109¼	109⅛		5.40
Volkswagen Intl Fin 7 02	1000	105⅝	105⅞	-⅛	5.69
World Bank 5⅞ 03	3000	102⅝	102⅝	-⅛	5.39
World Bank 6½ 02	3000	104⅞	104½	-⅛	5.18
World Bank 7⅛ 02	3000	107⅞	102	-⅛	5.87
Abbey Natl Treasury 8 08 £	1500	102	100¼		8.00
British Land 8⅞ 23 £	150	98⅝	99⅛	-¼	9.21
Denmark 6¾ 98 £	500	99½	99¾	-⅛	7.10
Depfa Finance 7⅛ 08 £	500	95⅞	95⅝		8.04
EIB 8 08 £	1000	101¼	101¼		7.75
Finland 7 02 £	500	98½	98¾		7.47
[illegible]					

UK GILTS PRICES

	Notes	Yield Int	Yield Red	Price £	+ or -	52 week High	52 week Low
Shorts" (Lives up to Five Years)							
Treas Cnv 7pc 1997‡‡		6.98	6.27	100$\frac{1}{32}$	—	101$\frac{1}{32}$	100$\frac{1}{32}$
Treas 8¾pc 1997‡‡		8.67	6.27	100$\frac{31}{32}$	—	107$\frac{13}{32}$	100$\frac{31}{32}$
Exch 15pc 1997		14.32	6.44	104¾	—	114⅞	102$\frac{21}{32}$
Exch 9¾pc 1998		9.52	6.57	102$\frac{1}{32}$	—	108$\frac{21}{32}$	100$\frac{1}{32}$
Treas 7¼pc 1998‡‡		7.21	6.65	100$\frac{1}{32}$	+$\frac{1}{32}$	109$\frac{15}{32}$	100$\frac{1}{32}$
Treas 7¾pc 2006‡‡		7.75	7.74	100	-⅛	107¼	96¾
Treas 8pc 2002-6‡‡		7.94	7.88	100$\frac{3}{8}$xd	+$\frac{1}{32}$	104$\frac{1}{32}$	98⅛
Treas 11¾pc 2003-7		9.85	7.80	119¼xd	-$\frac{1}{32}$	124$\frac{1}{32}$	115⅝
Treas 8½pc 2007‡‡		8.07	7.74	105$\frac{1}{32}$	-$\frac{1}{32}$	110$\frac{13}{32}$	101$\frac{1}{32}$
Treas 7 1/4pc 2007‡‡		7.49	7.69	96¾	-$\frac{1}{32}$	102$\frac{1}{32}$	95⅝
[illegible]							

Index-Linked	Notes	Yield (1)	Yield (2)	Price £	+ or -	52 week High	52 week Low
4⅝pc '98‡‡	(135.6)	-	2.31	113$\frac{13}{32}$	—	114⅞	111$\frac{13}{32}$
2½pc '01	(78.3)	2.83	3.44	185$\frac{1}{32}$	-⅛	187$\frac{13}{32}$	177$\frac{1}{32}$
2½pc '03	(78.8)	3.07	3.52	181	-⅛	184$\frac{1}{32}$	173$\frac{1}{32}$
4⅛pc '04‡‡	(135.6)	3.12	3.37	117$\frac{13}{32}$	-⅛	120$\frac{1}{32}$	113$\frac{13}{32}$
2pc '06	(69.5)	3.25	3.55	190$\frac{13}{32}$	-⅛	195$\frac{13}{32}$	181⅛
[illegible]							

CURRENCIES AND MONEY

D-Mark firms on output data

MARKETS REPORT

By Emiko Terazono

The D-Mark strengthened against the pound and the dollar thanks to firm German economic data, while the pound eased on technical selling ahead of the UK elections.

The D-Mark received a boost from a larger-than-expected 1.9 per cent rise in February German industrial output. The currency rose 0.9 pfennigs against the pound to DM2.738 and gained 0.3 pfennigs versus the dollar to DM1.668. Sterling closed down 0.3 cents against the dollar at $1.641.

Investors adjusted their dollar holdings ahead of today's release of US non-farm payrolls figures. Strategists said some investors who still held long dollar positions were now cautious of volatility in US equity and treasury bond markets, as expectations rose of another interest rate rise by the US Federal Reserve.

The dollar was almost flat against the yen, rising Y0.2 to Y122.6. Expectations of renewed trade tensions between Japan and the US had pushed back the dollar earlier this week, ahead of the meeting between Mr Robert Rubin, US state secretary, and Mr Ryutaro Hashimoto, Japan's prime minister. However, Mr Rubin tried to quell concerns on currency markets late yesterday, denying that he intended to move currencies.

The US currency recouped losses seen earlier in the day on comments by the International Monetary Fund that the yen's depreciation could be reversed, and by Matsushita Electric Industrial, which said it would be comfortable if the dollar fell to around Y110.

A Reuters poll, however, suggests that the yen will remain around current levels in the near term. Currency economists predict that the dollar will be around Y122.57 in one month and Y122.14 in three months.

■ Sterling lost ground in spite of strong economic data which provided further evidence of a robust economy, reinforcing expectations of an interest rate rise in May. Some investors are realising profits ahead of the general election on May 1. The Labour party's manifesto released yesterday failed to affect sentiment since it left the party's existing economic policy plans unchanged. Technical selling hit the pound, which had briefly marked 2.761 against the D-Mark in overseas trading. Analysts said profit taking strengthened as the pound approached 2.778, its old floor in the European exchange rate mechanism prior to the UK's exit from the system in September 1992. "The pound is in need of fresh incentives to break the old ERM confines," said Mr Paul Meggyesi, senior currency economist at Deutsche Morgan Grenfell.

Meanwhile the UK's Treasury said the overall level of the UK's official currency reserves fell by $105m in March, bringing total reserves to $43.34bn (£26.59bn) at the end of the month.

Jitters over rising volatility on the European stock markets lifted the Swiss franc which closed up 0.5 centimes at SFr1.434 against the dollar. Traders said the strength in the franc may be tied to the perception that the Swiss economy had seen the worst and may see some signs of recovery in the near term.

■ Scandinavian currencies were slightly easier against the D-Mark. Large institutions were seen selling the Finland markka and buying the Italian lira on speculative trading. Strategists said the Swedish, Danish and Finnish currencies have been dragged down by the Norwegian krone, which has been hit by the recent decline in oil prices. The currency closed lower against the D-Mark yesterday at NKr4.069. The recent fall in oil prices is expected to cut Norway's current account surplus, which amounts to 7 per cent of its GDP and stems wholly from the country's oil exports.

Sentiment towards the Norwegian krone has also soured due to the central bank's practice of using monetary policy to keep exchange rates stable, rather than to prevent inflation. Strategists said that many investors held long positions in the Norwegian krone. The upward wage pressures threatening a rise in domestic prices were triggering speculative selling.

■ Pound in New York

Apr 3	—Latest—	– Prev. close –
£ spot	1.6455	1.6440
1 mth	1.6440	1.6435
3 mth	1.6433	1.6418
1 yr	1.6358	1.6345

■ OTHER CURRENCIES

Apr 3	£	$
Czech Rp	47.1365 - 47.2067	28.7290 - 28.7530
Hungary	288.633 - 288.891	175.916 - 175.960
Iran	4925.40 - 4922.40	3000.00 - 3000.00
Kuwait	0.4968 - 0.4973	0.3026 - 0.3029
Poland	5.0266 - 5.0346	3.0636 - 3.0665
Russia	9419.83 - 9428.86	5741.00 - 5743.00
U.A.E.	6.0262 - 6.0305	3.6727 - 3.6731

POUND SPOT FORWARD AGAINST THE POUND

Apr 3		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	19.2717	-0.0619	602 - 831	19.4405	19.2606	19.2282	2.7	19.1717	2.1	-	-	103.9
Belgium	(BFr)	56.4886	-0.1792	550 - 222	56.9860	56.4550	56.3636	2.7	56.1036	2.7	54.7786	3.0	103.8
Denmark	(DKr)	10.4444	-0.03	396 - 492	10.5282	10.4290	10.4224	2.5	10.3789	2.5	10.1689	2.6	106.3
Finland	(FM)	8.2074	-0.0366	009 - 139	8.2800	8.2009	-	-	-	-	-	-	88.4
France	(FFr)	9.2241	-0.0282	188 - 294	9.3006	9.2158	9.202	2.9	9.1583	2.9	8.9412	3.1	108.9
Germany	(DM)	2.7381	-0.0087	365 - 397	2.7634	2.7348	2.7315	2.9	2.718	2.9	2.6512	3.2	105.6
Greece	(Dr)	433.881	-1.728	368 - 993	438.277	433.098	-	-	-	-	-	-	68.8
Ireland	(I£)	1.0402	-0.0003	395 - 408	1.0426	1.0382	1.0399	0.9	1.039	0.5	1.0324	0.7	101.6
Italy	(L)	2716.84	-13.77	552 - 816	2737.05	2714.20	2726.24	-1.5	2725.09	-1.2	2727.89	-0.4	78.4
Luxembourg	(LFr)	56.4886	-0.1792	550 - 222	56.9860	56.4550	56.3656	2.7	56.1036	2.7	54.7786	3.0	103.8
Netherlands	(Fl)	3.0803	-0.0097	788 - 817	3.1075	3.0775	3.0722	3.2	3.0564	3.1	2.9809	3.2	103.5
Norway	(NKr)	11.1425	-0.0137	333 - 519	11.2296	11.0734	11.1161	2.6	11.0696	2.6	10.8441	2.7	101.3
Portugal	(Es)	275.279	-0.594	113 - 445	277.491	274.986	275.419	-0.6	275.704	-0.6	-	-	94.7
Spain	(Pta)	231.711	-0.881	599 - 822	233.640	231.599	231.845	-0.7	231.711	0.0	230.236	0.6	78.1
Sweden	(SKr)	12.4525	-0.0814	425 - 624	12.6909	12.4425	12.4385	1.3	12.394	1.9	12.198	2.0	88.8
Switzerland	(SFr)	2.3537	-0.0111	523 - 550	2.3787	2.3478	2.3449	4.5	2.327	4.5	2.2428	4.7	105.6
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	98.3
Ecu	-	1.4074	-0.0041	064 - 084	1.4206	1.4061	1.4052	1.9	1.4005	2.0	1.3754	2.3	-
SDR†	-	1.183714	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.6411	-0.0031	405 - 416	1.6450	1.6376	-	-	-	-	-	-	-
Brazil	(R$)	1.7358	-0.0064	351 - 364	1.7440	1.7335	-	-	-	-	-	-	-
Canada	(C$)	2.2767	-0.0093	756 - 778	2.2796	2.2665	2.2768	3.1	2.2601	2.9	2.2155	2.7	84.2
Mexico	(New Peso)	13.0807	+0.0466	526 - 687	13.0804	12.9951	-	-	-	-	-	-	-
USA	($)	1.6413	-0.0032	408 - 418	1.6458	1.6379	1.6407	0.4	1.6391	0.5	1.6317	0.6	103.7
Pacific/Middle East/Africa													
Australia	(A$)	2.1041	+0.008	028 - 054	2.1069	2.0949	2.104	0.1	2.1032	0.2	2.0991	0.2	97.1
Hong Kong	(HK$)	12.7156	-0.021	109 - 208	12.7437	12.6877	12.711	0.4	12.7	0.5	12.6599	0.4	-
India	(Rs)	58.8325	-0.1458	735 - 914	59.0090	58.7540	-	-	-	-	-	-	-
Israel	(Shk)	5.5055	-0.0094	990 - 119	5.5229	5.4939	-	-	-	-	-	-	-
Japan	(Y)	201.478	+0.156	343 - 613	202.440	200.850	200.508	5.8	198.648	5.8	190.088	5.7	122.5
Malaysia	(M$)	4.0792	-0.0037	771 - 812	4.0862	4.0680	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.3686	+0.0077	670 - 701	2.3738	2.3626	2.3715	-1.5	2.3766	-1.4	2.3968	-1.2	114.7
Philippines	(Peso)	43.2565	-0.1077	028 - 107	43.3107	43.2023	-	-	-	-	-	-	-
Saudi Arabia	(SR)	6.1555	-0.012	533 - 576	6.1694	6.1431	-	-	-	-	-	-	-
Singapore	(S$)	2.3545	-0.0132	529 - 560	2.3678	2.3484	-	-	-	-	-	-	-
South Africa	(R)	7.2488	-0.0238	441 - 535	7.2709	7.2441	-	-	-	-	-	-	-
South Korea	(Won)	1468.96	-2.82	523 - 269	1474.25	1465.23	-	-	-	-	-	-	-
Taiwan	(T$)	45.2178	-0.0704	712 - 644	45.3527	45.1318	-	-	-	-	-	-	-
Thailand	(Bt)	42.5918	-0.057	624 - 211	42.7090	42.5190	-	-	-	-	-	-	-

† Rates for Apr 2. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.
The exchange rates printed in this table are also available on the internet at http://www.FT.com

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Apr 3		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P. Morgan index
Europe													
Austria	(Sch)	11.7417	-0.0152	383 - 451	11.8250	11.7260	11.727	1.5	11.6817	2.0	11.4867	2.2	103.6
Belgium	(BFr)	34.4170	-0.043	070 - 270	34.6560	34.3890	34.357	2.1	34.2295	2.2	33.6695	2.1	103.6
Denmark	(DKr)	6.3635	-0.008	625 - 645	6.4014	6.3544	6.3546	1.7	6.3362	1.7	6.2545	1.7	106.7
Finland	(FM)	5.0006	-0.0126	981 - 030	5.0348	4.9949	4.9918	2.1	4.9731	2.2	4.8906	2.2	82.9
France	(FFr)	5.6200	-0.0046	185 - 215	5.6540	5.6135	5.6093	2.3	5.5883	2.3	5.48	2.5	108.4
Germany	(DM)	1.6683	-0.002	678 - 687	1.6794	1.6658	1.6651	2.3	1.6595	2.3	1.6249	2.6	106.1
Greece	(Dr)	264.230	-0.545	120 - 340	266.510	263.770	265.785	-7.1	268.355	-6.2	279.38	-5.7	65.7
Ireland	(I£)	1.5780	-0.0025	775 - 785	1.5810	1.5737	1.5776	0.3	1.577	0.5	1.5783	0.0	-
Italy	(L)	1655.30	-5.2	500 - 560	1665.38	1653.60	1658.3	-2.2	1663.15	-1.9	1672.95	-1.1	78.1
Luxembourg	(LFr)	34.4170	-0.043	070 - 270	34.6560	34.3890	34.357	2.1	34.2295	2.2	33.6695	2.1	103.6
Netherlands	(Fl)	1.8767	-0.0024	764 - 770	1.8893	1.8743	1.8729	2.4	1.8649	2.5	1.8294	2.5	103.2
Norway	(NKr)	6.7889	+0.0047	853 - 925	6.8540	6.7426	6.7851	0.7	6.7795	0.6	6.7539	0.5	101.2
Portugal	(Es)	167.720	-0.04	670 - 770	168.650	167.510	167.85	-0.9	168	-0.7	167.795	0.0	95.2
Spain	(Pta)	141.175	-0.235	150 - 200	142.100	141.050	141.266	-0.8	141.385	-0.6	141.18	0.0	77.8
Sweden	(SKr)	7.5870	-0.035	832 - 907	7.6770	7.5819	7.5842	0.5	7.5743	0.7	7.527	0.8	83.0
Switzerland	(SFr)	1.4340	-0.004	336 - 344	1.4460	1.4305	1.4292	4.0	1.4198	4.0	1.3742	4.2	103.0
UK	(£)	1.6413	-0.0032	408 - 418	1.6453	1.6379	1.6407	0.4	1.6391	0.6	1.6317	0.6	98.6
Ecu	-	1.1662	+0.0011	657 - 667	1.1680	1.1580	1.1673	-1.2	1.1689	-1.3	1.1851	-1.6	-
SDR†	-	0.72059	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9999	+0.0001	998 - 999	0.9999	0.9998	-	-	-	-	-	-	-
Brazil	(R$)	1.0576	-0.0015	575 - 576	1.0600	1.05756	-	-	-	-	-	-	-
Canada	(C$)	1.3872	+0.0007	869 - 874	1.3880	1.3840	1.3843	2.5	1.3791	2.3	1.3577	2.1	84.1
Mexico	(New Peso)	7.9575	+0.0495	550 - 600	7.9720	7.9550	8.0755	-17.8	8.342	-19.3	9.2025	-15.6	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	104.6
Pacific/Middle East/Africa													
Australia	(A$)	1.2820	+0.0074	818 - 824	1.2824	1.2818	1.2827	-0.7	1.2835	-0.5	1.2886	-0.5	98.7
Hong Kong	(HK$)	7.7473	+0.0021	468 - 478	7.7478	7.7453	7.7472	0.0	7.7477	0.0	7.7588	-0.1	-
India	(Rs)	35.8450	-0.02	200 - 700	35.8750	35.8200	36.06	-7.2	36.52	-7.5	-	-	-
Israel	(Shk)	3.3543	+0.0007	514 - 572	3.3572	3.3514	-	-	-	-	-	-	-
Japan	(Y)	122.755	+0.38	710 - 800	123.150	122.550	122.22	5.2	121.195	5.1	116.395	5.2	123.6
Malaysia	(M$)	2.4868	+0.0025	848 - 858	2.4890	2.4810	2.4892	-1.4	2.4935	-1.3	2.5148	-1.2	-
New Zealand	(NZ$)	1.4431	+0.0075	426 - 436	1.4436	1.4426	1.4454	-1.9	1.4497	-1.8	1.4704	-1.9	-
Philippines	(Peso)	26.3550	-0.015	300 - 800	26.3800	26.3300	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7504	-0.0001	502 - 505	3.7505	3.7502	3.7508	-0.1	3.7511	-0.1	3.753	-0.1	-
Singapore	(S$)	1.4345	-0.0053	340 - 350	1.4404	1.4330	1.4324	1.8	1.4278	1.9	1.4065	2.0	-
South Africa	(R)	4.4165	-0.006	150 - 180	4.4295	4.4135	4.4572	-11.1	4.5322	-10.5	4.847	-9.7	-
South Korea	(Won)	895.000	-	000 - 000	897.000	893.000	-	-	-	-	-	-	-
Taiwan	(T$)	27.5500	+0.01	300 - 700	27.5700	27.5300	27.5501	0.0	27.5503	0.0	-	-	-
Thailand	(Bt)	25.9500	+0.015	400 - 600	25.9630	25.9400	26.04	-4.2	26.2075	-4.0	26.845	-3.4	-

† SDR rate per $ for Apr 2. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Apr 2: Base average 1990=100.
The exchange rates printed in this table are also available on the internet at http://www.FT.com

WORLD INTEREST RATES

MONEY RATES

April 3	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	3¼	3⅛	3⅛	3⅜	3⅛	6.00	2.50	-
France	3⅛	3¼	3⅛	3⅜	3½	3.10	-	4.75
Germany	3½	3⅛	3⅛	3⅛	3⅜	4.50	2.50	3.00
Ireland	5⅜	5⅜	5⅜	5⅞	5⅜	-	-	6.25
Italy	7⅛	7⅛	7⅛	7⅛	7⅛	8.25	6.75	7.34
Netherlands	3⅛	3⅛	3⅛	3⅛	3⅜	-	3.00	3.30
Switzerland	2	1⅞	1⅞	1⅞	1⅜	-	1.00	-
US	5⅝	5⅜	5¾	5⅜	6¼	-	5.00	-
Japan	½	½	½	½	¾	-	0.50	-
■ $ LIBOR FT London								
Interbank Fixing	-	5⅜	5⅜	5⅜	6⅛	-	-	-
US Dollar CDs	-	5.46	5.56	5.72	6.07	-	-	-
ECU Linked Ds	-	4⅛	4⅛	4⅛	4⅛	-	-	-
SDR Linked Ds	-	3⅜	3½	3⅛	3⅜	-	-	-

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo Mitsubishi, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Apr 3	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	3⅛ - 3¼	3⅛ - 3⅛	3⅛ - 3⅛	3⅜ - 3⅛	3½ - 3⅜	3⅝ - 3½
Danish Krone	3⅝ - 3⅜	3⅜ - 3⅛	3⅝ - 3½	3⅝ - 3½	3⅞ - 3⅝	4⅛ - 4
German Mark	3⅛ - 3⅛	3⅛ - 3⅛	3⅛ - 3⅛	3¼ - 3⅛	3⅜ - 3⅛	3⅝ - 3½
Dutch Guilder	3⅛ - 3	3⅛ - 3⅛	3⅛ - 3⅛	3⅛ - 3⅛	3⅜ - 3⅛	3½ - 3⅜
French Franc	3⅛ - 3⅛	3⅜ - 3⅛	3⅜ - 3⅛	3⅜ - 3¼	3⅝ - 3⅜	3⅞ - 3⅝
Portuguese Esc.	6¼ - 5⅞	6⅛ - 6⅛	6⅛ - 6⅛	6⅛ - 6⅛	6⅛ - 6⅛	6⅛ - 6⅛
Spanish Peseta	5⅝ - 5⅜	5⅛ - 5⅜	5⅜ - 5⅛	5⅜ - 5⅛	5⅝ - 5⅜	5⅞ - 5⅝
Sterling	6⅛ - 6	6⅛ - 6⅛	6⅛ - 6⅛	6⅜ - 6⅛	6⅝ - 6⅜	7 - 6⅞
Swiss Franc	1⅝ - 1½	1⅝ - 1½	1⅞ - 1⅛	1⅞ - 1⅜	1⅞ - 1⅞	1⅞ - 1⅞
Canadian Dollar	3⅛ - 2⅞	3⅛ - 3	3⅜ - 3⅛	3½ - 3⅜	3⅞ - 3⅝	4⅜ - 4⅛
US Dollar	5⅜ - 5⅛	5⅜ - 5⅜	5⅜ - 5⅜	5⅝ - 5⅜	5⅞ - 5⅝	6⅛ - 6⅛
Italian Lira	7⅛ - 6⅞	7⅛ - 7⅛	7⅛ - 7⅛	7⅛ - 7⅛	7⅛ - 7⅛	7⅛ - 7⅛
Japanese Yen	½ - ⅜	½ - ⅜	½ - ⅜	⅝ - ½	⅝ - ½	⅞ - ¾
Asian $Sing	3⅛ - 2⅞	3⅛ - 3⅛	3⅛ - 3⅛	3⅜ - 3⅛	4⅛ - 3⅞	3⅞ - 3⅝

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	96.62	96.62	-	96.63	96.60	11,213	58,204
Sep	96.52	96.52	-	96.53	96.50	8,048	46,989
Dec	96.38	96.37	-0.01	96.39	96.36	7,312	31,598

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	96.74	96.75	+0.01	96.76	96.75	25193	225881
Sep	96.67	96.67	+0.01	96.68	96.65	25807	181886
Dec	96.48	96.49	+0.02	96.49	96.45	31299	197583
Mar	96.28	96.30	+0.01	96.32	96.26	29536	150686

■ ONE MONTH EUROMARK FUTURES (LIFFE)* DM3m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Apr	96.78	96.79	+0.02	96.79	96.78	213	7417
May	96.77	96.78	+0.02	96.78	96.77	192	4005
Jun	96.77	96.76	+0.01	96.78	96.77	147	635
Jul		96.77	+0.01			0	0

■ THREE MONTH EUROLIRA FUTURES (LIFFE)* L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	92.78	92.91	+0.15	92.94	92.74	30909	112531
Sep	93.05	93.10	+0.13	93.20	92.99	16710	63408
Dec	93.12	93.24	+0.13	93.28	93.08	7171	38275
Mar	93.13	93.22	+0.12	93.21	93.07	2077	24029

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	98.12	98.15	+0.02	98.15	98.10	7358	45198
Sep	98.06	98.09	+0.02	98.10	98.04	3289	21544
Dec	97.92	97.95	+0.02	97.95	97.90	1264	15257
Mar	97.80	97.82	+0.02	97.83	97.78	279	6081

■ THREE MONTH EUROYEN FUTURES (LIFFE) Y100m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun		99.30	-			0	n/a
Sep	99.28	99.29	+0.02	99.29	99.28	50	n/a
Dec	99.10	99.12	+0.02	99.12	99.10	400	n/a

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	95.76	95.77	+0.01	95.77	95.75	884	10076
Sep	95.66	95.68	+0.01	95.68	95.66	397	4994
Dec	95.57	95.58	+0.01	95.58	95.56	340	5316
Mar	95.45	95.45	+0.01	95.45	95.45	118	3734

* LIFFE futures also traded on APT

■ EUROLIRA OPTIONS (LIFFE) L1000m points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9275	0.35	0.67	0.83	0.19	0.26	0.34
9300	0.21	0.51	0.66	0.30	0.35	0.42
9325	0.11	0.37	0.51	0.45	0.46	0.52

Est. vol. total, Calls 9657 Puts 3002. Previous day's open int., Calls 144201 Puts 59059

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Apr 3		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.48	16.33	4.847	1.841	4810	5.452	19.72	487.6	410.2	22.04	4.167	1.770	4.029	2.905	356.2	2.491
Denmark	(DKr)	54.11	10	8.835	2.623	0.996	2602	2.950	10.67	263.7	221.9	11.93	2.255	0.958	2.180	1.572	192.7	1.348
France	(FFr)	61.24	11.32	10	2.968	1.127	2946	3.339	12.08	298.6	251.2	13.50	2.552	1.084	2.467	1.779	218.1	1.525
Germany	(DM)	20.63	3.813	3.369	1	0.380	992.3	1.125	4.069	100.5	84.62	4.547	0.860	0.365	0.831	0.599	73.48	0.514
Ireland	(I£)	54.32	10.04	8.869	2.633	1	2615	2.962	10.71	264.7	222.8	11.97	2.263	0.962	2.188	1.578	193.5	1.353
Italy	(L)	2.079	0.384	0.339	0.101	0.038	100.	0.113	0.410	10.13	8.528	0.458	0.087	0.037	0.084	0.060	7.405	0.052
Netherlands	(Fl)	18.34	3.390	2.995	0.889	0.338	882.1	1	3.617	89.38	75.23	4.042	0.764	0.325	0.739	0.533	65.32	0.457
Norway	(NKr)	50.71	9.372	8.280	2.458	0.934	2439	2.765	10	247.1	208.0	11.18	2.113	0.898	2.043	1.473	180.6	1.263
Portugal	(Es)	20.52	3.792	3.351	0.995	0.378	986.9	1.119	4.046	100.	84.18	4.522	0.855	0.363	0.827	0.596	73.08	0.511
Spain	(Pta)	24.38	4.506	3.981	1.182	0.449	1173	1.329	4.808	118.8	100.	5.373	1.016	0.432	0.982	0.708	86.84	0.607
Sweden	(SKr)	45.37	8.386	7.409	2.199	0.835	2182	2.474	8.948	221.1	186.1	10	1.891	0.803	1.828	1.318	161.6	1.130
Switzerland	(SFr)	24.00	4.435	3.918	1.163	0.442	1154	1.308	4.732	116.9	98.43	5.289	1	0.425	0.967	0.697	85.47	0.598
UK	(£)	56.49	10.44	9.224	2.738	1.040	2717	3.080	11.14	275.3	231.7	12.45	2.354	1	2.276	1.641	201.2	1.407
Canada	(C$)	24.82	4.587	4.053	1.203	0.457	1194	1.353	4.895	121.0	101.9	5.470	1.034	0.439	1	0.721	88.40	0.618
US	($)	34.42	6.362	5.621	1.668	0.634	1656	1.877	6.789	167.8	141.2	7.587	1.434	0.609	1.387	1	122.6	0.857
Japan	(Y)	28.08	5.189	4.584	1.361	0.517	1350	1.531	5.537	136.8	115.2	6.188	1.170	0.497	1.131	0.810	100.	0.699
Ecu		40.15	7.420	6.556	1.946	0.739	1931	2.189	7.918	195.7	164.7	8.849	1.673	0.711	1.618	1.166	143.0	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.5995	0.6020	+0.0029	0.6037	0.5990	21,279	81,568
Sep	0.6064	0.6064	+0.0033	0.6064	0.6033	65	2,528
Dec	-	0.6099	-	-	-	2	202

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.8200	0.8242	+0.0047	0.8243	0.8199	35,847	68,497
Sep	0.8357	0.8368	-0.0068	0.8357	0.8353	204	1,014
Dec	-	0.8480	-0.0072	-	-	16	391

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.6981	0.6980	-0.0015	0.7034	0.6966	13,646	49,291
Sep	0.7095	0.7065	-0.0005	0.7102	0.7095	154	2,234
Dec	-	0.7140	-0.0005	0.7170	-	2	428

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	1.6410	1.6424	-0.0102	1.6442	1.6364	8,952	36,153
Sep	1.6350	1.6404	-0.0096	1.6350	1.6340	2	822
Dec	-	1.6380	-	-	1.6330	2	93

UK INTEREST RATES

LONDON MONEY RATES

Apr 3	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	6¼ - 5½	6⅛ - 5	6⅛ - 6	6⅞ - 6⅛	6⅜ - 6⅛	7⅛ - 6⅞
Sterling CDs	-	-	6⅛ - 6⅛	6⅛ - 6¼	6⅛ - 6½	6⅞ - 6⅞
Treasury Bills	-	-	6⅛ - 5⅞	6⅛ - 6⅛	-	-
Bank Bills	-	-	6⅛ - 5⅞	6¼ - 6⅛	6⅞ - 6⅞	-
Local authority deps.	5⅞ - 5¾	5⅞ - 5¾	6 - 5⅞	6¼ - 6⅛	6½ - 6⅜	6⅞ - 6¾
Discount Market deps	6⅛ - 5⅞	6 - 5⅞	-	-	-	-

UK clearing bank base lending rate 6 per cent from October 30, 1996

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	2½	5½	5	0	4¾

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1¼pc. Ave. tender rate of discount on Mar 27, 6.0961pc. ECGD fixed rate Stg. Export Finance. Make up day Mar 27, 1997. Agreed rate for period Apr 22, 1997 to May 25, 1997, Scheme III 7.53pc. Reference rate for period Mar 1, 1997 to Mar 27, 1997, Schemes IV & V 6.262pc. Finance House Base Rate 6½pc from Apr 1, 1997

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	93.31	93.30	-0.01	93.32	93.30	5505	122383
Sep	93.01	92.98	-0.03	93.02	92.98	7755	86424
Dec	92.77	92.75	-0.03	92.79	92.74	9824	67196
Mar	92.58	92.56	-0.03	92.60	92.56	3853	49930
Jun	92.45	92.42	-0.03	92.46	92.41	2282	37626

Also traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9325	0.15	0.09	0.10	0.10	0.36	0.60
9350	0.04	0.04	0.05	0.24	0.56	0.80
9375	0.01	0.02	0.03	0.46	0.79	1.03

Est. vol. total, Calls 316 Puts 3270. Previous day's open int., Calls 159794 Puts 158115

EMS EUROPEAN CURRENCY UNIT RATES

Apr 3	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Ireland	0.796709	0.740629	+0.00157	-7.25	9.65	49
Portugal	197.398	196.347	+0.078	-0.53	2.44	4
Finland	5.85424	5.85801	+0.03364	-0.02	1.91	0
Spain	163.826	165.411	-0.032	0.97	0.92	-7
Netherlands	2.16979	2.19827	-0.00062	1.31	0.57	-10
Denmark	7.34555	7.44891	+0.00234	1.41	0.48	-10
Germany	1.92573	1.95377	-0.00063	1.46	0.43	-14
Austria	13.5485	13.7513	-0.0048	1.50	0.39	-11
Belgium	39.7191	40.3213	-0.0063	1.52	0.37	-11
Italy	1906.48	1939.41	-3.63	1.73	0.16	-18
France	6.45863	6.58090	-0.00163	1.89	0.00	-18
NON ERM MEMBERS						
Greece	295.269	309.609	-0.745	4.86	-2.83	-
UK	0.793103	0.712294	+0.001866	-10.15	13.46	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. 17/9/92: Sterling suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Apr	CALLS May	CALLS Jun	PUTS Apr	PUTS May	PUTS Jun
1.630	1.66	2.51	3.01	0.43	1.29	1.87
1.640	0.99	1.99	2.61	0.74	1.71	2.32
1.650	0.53	1.52	2.06	1.18	2.25	2.81

Previous day's vol., Calls 462 Puts 8,104 . Prev. day's open int., Calls 30,718 Puts 33,730

■ PHILADELPHIA SE D-MARK/$ OPTIONS DM62,500 ($ per DM)

Strike Price	CALLS Apr	CALLS May	CALLS Jun	PUTS Apr	PUTS May	PUTS Jun
0.595	0.47	0.94	1.21	0.26	0.58	0.78
0.600	0.25	0.67	0.95	0.51	0.83	1.04
0.605	0.10	0.47	0.72	0.87	1.13	1.29

Previous day's vol., Calls 1,661 Puts 1,617 . Prev. day's open int., Calls 27,634 Puts 40,321

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	94.04	94.06	-0.18	94.05	94.01	68,807	507,428
Sep	93.72	93.71	-	93.75	93.69	61,123	378,858
Dec	93.43	93.43	-	93.44	93.40	53,072	270,823

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	94.60	94.61	-	94.62	94.58	426	6,869
Sep	94.29	94.29	-	94.29	94.27	31	2,872
Dec	-	94.50	-	-	-	-	-

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Apr	CALLS May	CALLS Jun	CALLS Sep	PUTS Apr	PUTS May	PUTS Jun	PUTS Sep
9675	0.02	0.03	0.06	0.07	0.02	0.03	0.06	0.15
9700	0	0.01	0.01	0.02	0.25	0.25	0.26	0.35
9725	0	0	0	0	0.50	0.50	0.50	0.58

Est. vol. total, Calls 14022 Puts 23323. Previous day's open int., Calls 436204 Puts 227732

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9825	0.07	0.12	0.10	0.17	0.26	0.45
9850	0.02	0.04	0.07	0.37	0.45	0.62

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 1025 Puts 1465

BASE LENDING RATES

	%		%		%
Adam & Company	6.00	Duncan Lawrie	6.00	Royal Bk of Scotland	6.00
Allied Irish Bank (GB)	6.00	Exeter Bank Limited	7.00	•Singer & Friedlander	6.00
•Henry Ansbacher	6.00	Financial & Gen Bank	7.00	•Smith & Williamson Secs	6.00
Bank of Baroda	6.00	•Robert Fleming & Co	6.00	Scottish Widows Bank	6.00
Banco Bilbao Vizcaya	6.00	•Guinness Mahon	6.00	TSB	6.00
Bank of Cyprus	6.00	Habib Bank AG Zurich	6.00	United Bank of Kuwait	6.00
Bank of Ireland	6.00	•Hambros Bank	6.00	Unity Trust Bank Plc	6.00
Bank of India	6.00	Heritable & Gen Inv Bk	6.00	Western Trust	6.00
Bank of Scotland	6.00	•Hill Samuel	6.0	Whiteaway Laidlaw	6.00
Barclays Bank	6.00	C. Hoare & Co	6.00	Yorkshire Bank	6.00
Brit Bk of Mid East	6.00	Hongkong & Shanghai	6.00		
•Brown Shipley & Co Ltd	6.00	Investec Bank (UK) Ltd	6.00		
Citibank NA	6.00	Julian Hodge Bank	6.00		
Clydesdale Bank	6.00	•Leopold Joseph & Sons	6.00		
The Co-operative Bank	6.00	Lloyds Bank	6.00		
Coutts & Co	6.00	Midland Bank	6.00		
Cyprus Popular Bank	6.00	NatWestminster	6.00		
		•Rea Brothers	6.00		

• Members of London Investment Banking Association
* In administration

COMMODITIES AND AGRICULTURE

Price of crude oil falls to nine-month low

By Robert Corzine

Crude oil prices hit a nine-month low yesterday as plentiful supplies continued to act as a drag oo world markets. Traders and analysts said they expected further pressure on prices in the absence of any new supply disruption or other bullish event.

Brent Blend for May delivery, the international benchmark, was 27 cents lower in late afternoon trading on London's International Petroleum Exchange at $18.23 a barrel. Prices on the Nymex in New York were relatively steady, however, in morning trading.

World oil prices have fallen by around a quarter this year as the factors that underpinned the long rally in the second half of 1996 have gradually been eroded.

Fears of shortages have evaporated as plentiful physical supplies accumulate in the US and western Europe.

Although world demand for petroleum has been relatively bnoyant, supplies have been even more so as a result of new fields coming on stream and strong output from members of the Organisation of Petroleum Exporting Countries, many of which have been producing more than their quotas.

The strong growth in supplies was highlighted earlier this week when inventory data from the American Petroleum Institute showed a bigger than expected build-up of crude oil stocks in the US. Exceptionally low inventory levels in the US had been one of the market's main props last year. A relatively mild northern hemisphere winter has also been a big factor behind the recent growth in inventories.

The supply picture is similar in Europe, where some Brent cargoes have been unable to find buyers this week. One trader for a big oil company yesterday estimated that current world supply is running at about 600,000–700,000 barrels a day above demand.

Some analysts expect growing pressure on Opec if price weakness persists over the next few months. They reckon Opec output has been running almost 2m barrels a day above its production ceiling of just over 25m barrels a day.

Some traders fear that a persistent slide in crude prices could be exacerbated by the United Nations' oil-for-food deal with Iraq. It includes a mechanism which allows Baghdad to sell ever greater amounts of oil in order to meet the programme's financial target of $2bn of oil sales every six months, even though such additional sales could drive prices even lower.

Enterprise Oil to stay in Vietnam

Enterprise Oil, of the UK, plans to pull out of exploration at an oil field off the coast of Vietnam after eight years of work, but it has submitted bids on two further prospects and will remain in ths country, according to Mr John Austin, the company's manager for south-east Asia, writes Jeremy Grant in Hanoi. The company had drilled a number of wells on Block 17, south-east of the coastal oil hub of Vung Tan, but none had proved commercial. Enterprise is still waiting for a decision from state oil agency PetroVietnam on the award of exploration rights to Blocks 16 and 9, for which it has bid and which are thought moderately promising.

France in pledge to Eramet investors

By David Buchan in Paris

Mr Jean Arthuis, the French finance minister, has given written guarantees to US and UK shareholders in Eramet, the French state-controlled mining group, for damage they might suffer if Eramet loses a nickel concession in New Caledonia.

The French government has started legal action to dispossess Eramet of its Koniambo nickel concession and to give it to a company controlled hy the Kanak independence movement.

Eramet, which after its partial privatisation in 1994 is still 55 per cent government-owned, is contesting the government's legal action. But Paris is keen to appease the Kanak movement in advance of next year's planned referendum on the Pacific island's independence from France.

Mr Arthuis said he had written to the shareholders, pledging his "guarantee" to compensate them "for the operations now under way in New Caledonia".

Eramet sharss rose sharply to close 4.6 per cent up on the day at about FFr290 in heavy trading that saw 115,000 shares change hands. Ths shares hit a peak of FFr408 last May, before the Kanaks insisted on Eramet surrendering Koniambo.

Of the 45 per cent of Eramet shares outside government hands, a majority are in the hands of three big US funds – Fidelity, Templeton and the College Retirement Employee fund – and two UK-based institutions – Mercury Asset Management and Scottish Widows.

Late last year, Fidelity wrote to Mr Arthuis, implying that if its 5 per cent stake in Eramet suffered, it and other foreign investors might boycott the flotation of France Telecom shares planned for next month.

IGC sees low wheat stocks

MARKETS REPORT

By Maggie Urry and Gary Mead

Wheat stocks are expected to remain at a low level again this year, according to the International Grain Council, which monitors the worldwide grain market.

The IGC has cut its production forecast for the 1997 crop year, reflecting reductions in plantings in North America and Russia.

It is predicting world production at 583m tons, up from 579.5m tons in 1996, but lower than its earlier estimate of 585m tons. Consumption is expected to rise 7m tons to 582m tons.

Wheat prices yesterday were affected by wet weather in the Great Plains region, which should help crops, and prices slipped sligbtly in US trading. "Prices are sensitive to any weather news," one trader said.

The IGC said US farmers were switching to more profitable crops such as soyabeans and maize. The fall in world wheat prices in recent mooths made it less attractive. Consumption of milling wheat is less sensitive to price movements than production, it added.

Early trading in cocoa in London was slow as the market paused for breath, following its rise on Wednesday to the highest since last August. The May future slipped to £1,035 a tonne before recovering to £1,044, down £3. July futures closed at £1,058, also down £3.

The drift downwards followed a similar movement in New York, where the May future closed at $1,504 on Wednesday, down $8 on the previous close, having peaked at $1,532.

But despite the downward trend and the relatively small volume traded yesterday on the London market, some cocoa traders anticipated further rises, with speculation that July futures could top £1,150 in the short term.

Trading in robusta coffee futures was equally sluggish in London, with May futures trading $14 lower at $1,627 a tonne at midday, having reached a high of $1,629 in the morning. In afternoon trading, May futures slipped further, closing the day down $31 to $1,610.

Zaire diamonds at mercy of rebels

Driving through the 50 sq km enclave on the outskirts of town, the company official waves to a rifle-toting Zairean soldier strolling along a bank of red earth. "Ws have donhled their salaries and increased their food. We are doing everything we can to try to ensure they remain loyal," be says.

But his tone of voice suggests that despite such precautions, management at Société Minière de Bakwanga (MIBA) fears the 200-300 soldiers assigned to protect the diamond-producing "Polygon" will join the looting that traditionally precedes the arrival of the rebels.

As the Alliance of Democratic Forces for the Liberation of Congo-Zaire, reported to be only 100km (60 miles) away, marches on the town of Mbuji-Mayi, the state-controlled company fears the worst.

Unlike the thousands of amateur miners who steal into the Polygon at night to dig by torchlight or stand waist-high in the Kanshi river, sifting gravel through crude sieves, MIBA bas invested heavily in infrastructure and equipment.

That investment has heen particularly significant in the past six months as MIBA, the province's biggest single producer of diamonds, has shifted its focus from alluvial gravels to the six kimberlite pipes in the area.

"At ths moment kimberlite accounts for only 20 per cent of output. But the allnvial deposits are nearing exhaustion. Within two years we expect half of our output to come from kimberlite," says Mr Rene Nolevanx, MIBA's administrative director.

Because kimherlite is a much harder substance, the change requires new drilling, blasting and crushing equipment. "We need to change our mining methods, bring in new equipment and train the workforce. The plan is to spend $107m over the next five years," says Mr Nolevaux.

While costly, the shift is necessary. Undermined by a tax regime that takes 22.5 per cent of turnover and 50 per cent of eventnal profits, MIBA has been lossmaking for the past six years.

It has watched with irritation as an army of amateur diggers has swarmed over the 5,000 sq km concession it theoretically enjoys exclusive rights to hut lacks the funds to exploit, creaming off the best stones and smuggling them abroad without paying a penny of tax.

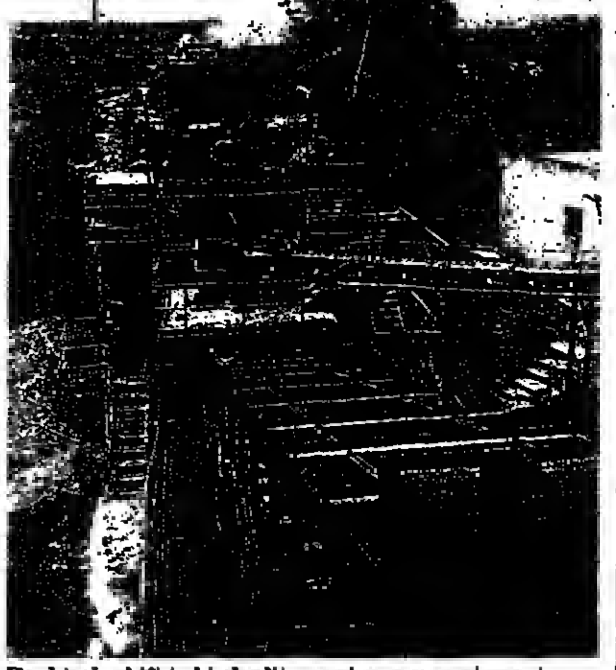
The all-time low came in 1992, when production was only 4.6m carats. Output is now slightly higher, at 6.8m. But that still earns the company only $70m, compared with the $300-400m worth of atones Zaire officially exports each year. The real figure, experts say, is probably twice as much.

"We told the government that with the kind of taxes we were paying there was no way we could turn a profit," says Mr Nolevaux. "So we agreed on a five-year tax holiday to allow us to generate eoough cash flow to make the $107m investment we needed."

The aim is to get output hack to 8m carats by the year 2000. Since 95 per cent of diamonds are of industrial quality – fetching an average $10 per carat compared to the $300 per carat paid for stones from Angola's Cuango river, quantity rather than qoality is a priority.

With few Zaireans placing any faith in their army's ability to fight, MIBA's long-term welfare almost certainly depends on the rebels. The recent statement by MIBA's chief executive that he was ready to collaborate with the Alliance – a statemeot denied after it triggered an uproar in Kinshasa – is being interpreted as a peace overture towards Mr Laurent Kabila.

"If they have any sense the rebels will destroy nothing and maintain the current system so that they, instead of Kinshasa, can benefit from its proceeds," a MIBA official says.



Hard task: shift to kimberlite requires new equipment

Michela Wrong

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1577-78	1611-12
Previous	1595.5-6.5	1630-1
High/low	1602.5	1642/1605
AM Official	1602.5-03	1636-36.5
Kerb close		1608-09
Open int.	268,296	
Total daily turnover	92,570	

■ ALUMINIUM ALLOY ($ per tonne)

Close	1577-78	1611-12
Previous	1490-500	1520-25
High/low		1535/1513
AM Official	1493-95	1520-25
Kerb close		1513-15
Open int.	5,616	
Total daily turnover	1,645	

■ LEAD ($ per tonne)

Close	681-2	676-7
Previous	686-9	686-90
High/low		693/675
AM Official	694-5	681-1.5
Kerb close		677-8
Open int.	39,871	
Total daily turnover	7,312	

■ NICKEL ($ per tonne)

Close	7540-45	7580-55
Previous	7545-55	7660-65
High/low	7585	7730/7630
AM Official	7580-85	7700-05
Kerb close		7630-40
Open int.	45,381	
Total daily turnover	16,760	

■ TIN ($ per tonne)

Close	5830-35	5855-60
Previous	5835-45	5860-65
High/low		5885/5850
AM Official	5860-70	5885-90
Kerb close		5860-60
Open int.	16,555	
Total daily turnover	2,601	

■ ZINC, special high grade ($ per tonne)

Close	1243-44	1266-67
Previous	1261-2	1303-4
High/low		1308/1259
AM Official	1272.5-73	1296-97
Kerb close		1259-60
Open int.	88,498	
Total daily turnover	32,531	

■ COPPER, grade A ($ per tonne)

Close	2398.5-401.5	2357-58
Previous	2390-92	2355-6
High/low	2427/2425	2380/2340
AM Official	2427-28	2378-79
Kerb close		2340-42
Open int.	139,273	
Total daily turnover	57,827	

■ LME AM Official £/$ rate: 1.6407
LME Closing £/$ rate: 1.6450

Spot: 1.6435 3 mths: 1.6415 6 mths: 1.6390 9 mths: 1.6368

■ HIGH GRADE COPPER (COMEX)

	Latest price	Day's change	High	Low	Vol	Open int
Apr	109.70	-2.90	112.00	109.35	509	3,621
May	109.05	-2.50	111.50	108.20	4,497	23,596
Jun	107.90	-2.15	109.70	107.90	60	1,357
Jul	106.80	-1.75	108.50	106.00	987	0,145
Aug	107.35	-	-	-	1	749
Sep	104.30	-1.75	106.70	103.50	46	3,998
Total					6,849	53,616

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	348.60-349.10		
Opening	349.00-349.30		
Morning fix	349.18	212.59	502.70
Afternoon fix	348.75	212.36	499.34
Day's High	349.40-349.70		
Day's Low	348.20-348.50		
Previous close	350.60-351.18		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	4.54	6 months	4.51
2 months	4.51	12 months	4.46
3 months	4.51		

Silver Fix	p/troy oz.	US cts equiv.
Spot	296.25	486.15
3 months	300.45	492.40
6 months	304.90	498.90
1 year	313.85	512.25

Gold Coins	$ price	£ equiv.
Krugerrand	349-351	213-214
Maple Leaf	-	-
New Sovereign	82-85	50-52

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Latest price	Day's change	High	Low	Vol	Open int
Apr	349.5	+0.3	349.8	348.2	737	1,017
May	350.4	-	-	-	-	-
Jun	352.2	+0.1	352.5	351.8	21,938	87,864
Aug	354.7	-	355.0	353.6	237	13,301
Oct	357.9	+0.5	-	-	22	5,826
Dec	360.3	-	360.3	359.5	86	21,758
Total					23,166	151,820

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Latest price	Day's change	High	Low	Vol	Open int
Apr	367.0	-0.2	368.5	367.0	119	013
Jul	369.2	-2.5	372.5	369.0	2,086	12,475
Oct	372.5	-1.7	373.5	372.5	8	2,178
Jan	375.5	-0.9	377.0	375.5	1	1,150
Total					2,214	16,434

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Latest price	Day's change	High	Low	Vol	Open int
Jun	148.00	+0.25	149.40	147.45	709	7,905
Sep	149.00	+0.05	149.25	148.75	1	1,777
Dec	149.95	-	-	-	1	191
Total					709	9,618

■ SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

	Latest price	Day's change	High	Low	Vol	Open int
May	482.5	-4.5	488.0	481.0	22,214	58,257
Jul	487.5	-4.5	493.5	486.0	1,798	20,151
Sep	493.0	-4.0	498.5	491.5	41	3,416
Dec	500.0	-4.6	505.0	499.5	80	5,266
Jan	507.5	-	-	-	1	14
Mar	506.0	-4.7	506.0	508.0	1	5,366
Total					24,130	94,219

ENERGY

■ CRUDE OIL NYMEX (1,000 barrels, $/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
May	19.64	+0.17	19.73	19.38	73,594	85,292
Jun	19.70	+0.16	19.80	19.48	31,176	64,587
Jul	19.73	+0.14	19.85	19.57	11,981	50,499
Aug	19.75	+0.13	19.85	19.62	3,963	23,027
Sep	19.74	+0.00	19.83	19.65	2,000	14,414
Oct	19.70	+0.02	19.82	19.70	3,216	14,066
Total					138,784	403,808

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
May	18.07	-0.44	18.40	18.07	16,433	48,213
Jun	18.35	-0.43	18.62	18.35	11,162	46,475
Jul	18.48	-0.45	18.73	18.48	3,467	16,513
Aug	18.59	-0.41	18.81	18.58	1,848	8,458
Sep	18.67	-0.37	18.89	18.67	894	7,011
Oct	18.77	-0.30	18.87	18.77	576	6,148
Total					na	na

■ HEATING OIL NYMEX (42,000 US galls; c/US galls)

	Latest price	Day's change	High	Low	Vol	Open int
May	53.35	+0.83	53.48	52.55	13,628	39,511
Jun	53.20	+0.67	53.25	52.60	9,077	20,019
Jul	53.60	+0.57	53.80	53.20	3,267	18,306
Aug	54.10	+0.42	54.40	53.80	1,639	8,879
Sep	55.00	+0.52	55.25	54.55	1,031	5,392
Oct	55.90	+0.67	56.00	55.40	333	6,978
Total					33,892	131,966

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	162.00	-3.50	165.50	162.00	5,154	19,904
May	163.75	-3.75	165.50	163.75	4,434	12,716
Jun	165.75	-3.25	167.00	165.50	3,702	11,135
Jul	167.75	-3.00	169.00	167.50	1,357	4,694
Aug	169.75	-2.75	170.50	169.25	273	2,501
Sep	171.75	-2.50	172.50	172.50	1	1,529
Total					11,294	84,676

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu)

	Latest price	Day's change	High	Low	Vol	Open int
May	1.879	+0.012	1.890	1.855	11,265	31,693
Jun	1.945	+0.018	1.950	1.918	3,068	15,943
Jul	1.980	+0.008	1.980	1.940	2,051	13,238
Aug	1.980	+0.005	1.980	1.960	1,277	9,742
Sep	1.980	+0.005	1.980	1.975	1,047	9,993
Oct	2.025	-	2.025	2.015	678	10,771
Total					22,427	169,925

■ UNLEADED GASOLINE
NYMEX (42,000 US galls; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
May	60.95	+0.34	61.30	60.15	19,818	44,864
Jun	60.60	+0.23	60.90	60.00	7,308	23,192
Jul	60.10	+0.39	60.40	59.50	1,187	10,451
Aug	59.10	+0.34	59.40	59.00	310	5,268
Sep	58.00	+0.54	58.30	57.95	173	2,427
Oct	56.40	+0.54	58.40	56.25	118	1,583
Total					29,198	98,318

GRAINS AND OIL SEEDS

■ WHEAT LIFFE (£ per tonne)

	Latest price	Day's change	High	Low	Vol	Open int
May	98.75	-2.00	100.50	98.75	405	2,920
Jul	101.50	-2.00	103.75	101.50	177	1,385
Sep	95.75	-0.75	-	-	-	46
Nov	98.75	-0.75	100.00	98.50	187	2,284
Jan	100.75	-0.75	102.00	100.50	78	707
Mar	102.75	-0.75	104.00	102.50	40	228
Total					887	7,570

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Latest price	Day's change	High	Low	Vol	Open int
May	384.00	-4.50	389.00	382.50	5,659	27,078
Jul	381.00	-5.00	386.50	379.50	15,283	45,675
Sep	383.50	-0.75	388.00	382.50	1,573	7,047
Dec	394.00	-4.50	398.00	392.50	1,032	7,225
Mar	401.00	-	401.00	401.00	29	287
Jul	373.00	-1.00	373.00	373.00	3	182
Total					26,945	87,848

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Latest price	Day's change	High	Low	Vol	Open int
May	302.50	-6.00	308.75	302.50	33,630	140,833
Jul	304.50	-5.25	310.00	304.50	19,985	115,682
Sep	291.75	-3.25	294.75	291.50	859	16,055
Dec	289.25	-2.50	292.00	288.00	10,768	91,865
Mar	290.80	-6.00	294.00	292.50	111	9,188
May	296.50	-	296.50	298.00	5	372
Total					78,847	388,126

■ BARLEY LIFFE (£ per tonne)

	Latest price	Day's change	High	Low	Vol	Open int
May	94.00	-0.50	-	-	-	133
Sep	93.50	-0.75	94.25	94.25	5	36
Nov	95.50	-0.75	97.00	95.50	44	637
Jan	97.50	-0.75	-	-	-	38
Mar	99.90	-0.75	-	-	-	-
May	101.50	-0.75	-	-	-	-
Total					49	844

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Latest price	Day's change	High	Low	Vol	Open int
May	872.00	-11.50	888.50	868.00	35,905	76,007
Jul	876.50	-11.00	892.75	875.00	20,578	63,855
Aug	856.00	-9.00	867.00	855.00	2,334	9,261
Sep	783.00	-4.25	770.00	782.00	605	5,812
Nov	699.50	-1.25	702.00	698.00	10,310	35,807
Jan	705.50	+1.00	707.00	704.00	215	2,082
Total					75,916	199,591

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Latest price	Day's change	High	Low	Vol	Open int
May	24.00	-0.10	24.22	23.96	6,316	38,734
Jul	24.41	-0.11	24.52	24.36	5,811	31,360
Aug	24.60	-0.09	24.80	24.55	585	7,036
Sep	24.70	-0.12	24.83	24.70	1,432	4,062
Oct	24.72	-0.18	24.87	24.72	877	4,558
Dec	24.95	-0.15	25.10	24.92	3,550	12,305
Total					18,374	98,868

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Latest price	Day's change	High	Low	Vol	Open int
May	291.2	-3.7	297.0	290.0	8,799	46,563
Jul	288.8	-3.5	293.8	288.5	8,576	29,821
Aug	278.5	-2.5	281.2	278.5	1,241	9,024
Sep	259.0	+0.3	259.5	257.5	669	6,154
Oct	228.8	-0.9	230.5	228.8	594	5,536
Dec	220.8	-1.4	222.5	220.8	3,386	10,515
Total					26,712	111,986

■ POTATOES LIFFE (£/tonne)

	Latest price	Day's change	High	Low	Vol	Open int
Apr	31.0	+1.0	31.0	30.0	63	315
May	44.5	+1.0	44.5	42.5	14	410
Jun	67.0	+1.0	-	-	-	-
Nov	66.0	+1.0	-	-	-	12
Mar	97.0	+1.0	-	-	-	-
Apr	121.0	+3.0	121.0	118.0	110	748
Total					177	1,485

■ FREIGHT (BIFFEX) LIFFE ($10/index point)

	Latest price	Day's change	High	Low	Vol	Open int
Apr	1310	-20	1320	1305	89	7,108
May	1510	-15	1510	1500	59	696
Jul	1250	-10	1250	1240	39	765
Oct	1360	+5	1360	1360	3	316
Jan	1400	-20	1400	1400	5	47
Apr	1420	-	-	-	-	-
Total					295	2,965

	Close	Prev
BFI	1461	1493

FUTURES DATA
All futures data supplied by CMS.

Wool
The only test of world wool values was provided by an auction of crossbred wool, in New Zealand yesterday. All other primary markets remained quiet during the Easter break. The New Zealand offering was mainly of coarser wool and demand for 36 micron and coarser was limited, leading to price declines of 1 – 3 per cent compared with the previous sale. Prospects for Australian auctions next week are viewed cautiously. The offerings planned are relatively large and the market looked fractionally softer before Easter. The main consumer markets are offering no encouragement either with no signs of a surge of new business. Wool International's stockpile sales have been fairly low, totalling around 15,000 bales in the two Easter weeks.

SOFTS

■ COCOA LIFFE (£/tonne)

	Latest price	Day's change	High	Low	Vol	Open int
May	1044	-3	1048	1035	638	28,140
Jul	1056	-3	1062	1049	1,784	16,151
Sep	1068	-	1072	1057	753	11,801
Dec	1051	-2	1052	1044	235	25,130
Mar	1061	-3	1065	1056	468	23,819
Total					4,214	133,009

■ COCOA CSCE (10 tonnes; $/tonnes)

	Latest price	Day's change	High	Low	Vol	Open int
May	1495	-9	1510	1488	7,379	30,638
Jul	1527	-10	1543	1522	3,965	24,621
Sep	1554	-2	1555	1547	586	11,830
Dec	1564	-14	1577	1564	464	9,851
Mar	1589	-11	1589	1569	160	18,759
May	1592	-23	-	-	100	7,315
Total					12,636	104,361

■ COCOA (ICCO) (SDR's/tonne)

Apr 2	Price	Prev. day
Daily	1178.68	1150.15

■ COFFEE LIFFE ($/tonne)

	Latest price	Day's change	High	Low	Vol	Open int
May	1610	-31	1629	1610	933	18,999
Jul	1620	-39	1640	1620	1,834	13,909
Sep	1635	-35	1654	1635	778	7,528
Nov	1635	-25	1650	1635	512	2,800
Jan	1615	-20	1624	1615	231	825
Mar	1600	-20	-	-	-	85
Total					4,288	45,144

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Latest price	Day's change	High	Low	Vol	Open int
May	183.50	-8.65	190.50	182.50	7,715	18,297
Jul	168.25	-7.00	173.00	167.00	4,328	9,002
Sep	155.00	-5.80	159.00	155.00	1,613	6,523
Dec	141.85	-6.00	146.00	141.85	265	3,574
Mar	132.00	-2.70	135.00	131.00	193	1,094
May	127.50	-2.70	127.50	125.50	35	238
Total					14,169	36,814

■ COFFEE (ICO) (US cents/pound)

Apr 2		Prev. day
Comp. daily	139.74	139.99
15 day average	134.93	135.52

■ WHITE SUGAR LIFFE ($/tonne)

	Latest price	Day's change	High	Low	Vol	Open int
May	309.8	+1.5	310.2	306.1	2,446	14,273
Aug	307.5	+1.2	307.9	305.9	899	8,753
Oct	303.7	+0.0	304.2	303.6	15	3,481
Dec	302.7	+0.7	303.0	302.7	5	954
Mar	303.0	+0.0	303.0	303.0	20	514
May	299.7	-	-	-	-	161
Total					3,777	28,136

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Latest price	Day's change	High	Low	Vol	Open int
May	10.95	+0.03	11.06	10.94	7,439	60,495
Jul	10.74	+0.04	10.78	10.72	4,739	37,309
Oct	10.57	-	10.62	10.56	1,090	28,619
Mar	10.57	+0.01	10.60	10.56	1,410	15,753
May	10.55	+0.02	10.58	10.55	35	3,153
Jul	10.53	+0.01	10.53	10.53	140	7,505
Total					14,882	147,284

■ COTTON NYCE (50,000lbs; cents/lbs)

	Latest price	Day's change	High	Low	Vol	Open int
May	72.25	+0.19	72.50	71.85	5,048	33,516
Jul	73.85	+0.20	74.05	73.57	2,334	17,954
Oct	75.29	+0.25	75.25	75.00	110	1,964
Dec	75.85	+0.06	75.90	75.67	878	21,638
Mar	76.90	+0.05	76.90	76.75	161	2,370
May	77.25	-0.13	-	-	30	566
Total					8,597	78,878

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Latest price	Day's change	High	Low	Vol	Open int
May	77.45	+0.10	79.50	77.25	1,528	12,661
Jul	79.85	+0.05	81.70	79.75	670	7,374
Sep	81.95	-0.15	83.85	81.75	132	4,268
Nov	85.00	+0.50	86.00	84.50	352	1,900
Jan	86.50	+0.25	86.75	86.50	22	725
Mar	88.50	+0.40	89.05	88.50	85	399
Total					2,989	27,389

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears. Volume & Open interest totals are for all traded months.

INDICES

■ Reuters (Base: 18/9/31 = 100)

Apr 3	Apr 2	month ago	year ago
1891.8	1886.2	2000.8	2109.3

■ CRB Futures (Base: 1967 = 100)

Apr 2	Apr 1	month ago	year ago
244.06	245.83		

■ GSCI Spot (Base: 1970 = 100)

Apr 2	Apr 1	month ago	year ago
197.93	191.36	188.83	211.21

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Latest price	Day's change	High	Low	Vol	Open int
Apr	67.800	-0.025	68.500	67.950	6,621	22,325
Jun	64.200	+0.025	64.900	64.200	8,502	34,304
Aug	64.075	-0.050	64.450	64.000	1,624	22,936
Oct	67.900	+0.275	68.075	67.625	1,259	14,937
Dec	69.600	-	69.925	69.750	637	7,349
Feb	70.700	+0.100	70.850	70.700	131	4,311
Total					18,992	105,804

■ LEAN HOGS CME (40,000lbs; cents/lbs)

	Latest price	Day's change	High	Low	Vol	Open int
Apr	73.725	+1.750	73.975	73.050	2,376	5,659
Jun	82.325	+2.000	82.325	81.625	3,935	14,405
Jul	82.000	+1.675	82.325	81.300	921	3,206
Aug	79.450	+1.700	79.750	79.300	932	2,488
Oct	73.200	+1.375	73.825	72.300	277	2,358
Dec	71.075	+1.275	71.800	70.500	146	1,854
Total					8,625	30,808

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Latest price	Day's change	High	Low	Vol	Open int
May	80.400	+2.100	81.200	79.250	1,618	3,731
Jul	79.475	+1.900	80.200	78.250	605	2,106
Aug	77.300	+1.825	77.800	76.250	207	526
Feb	72.800	+1.875	72.800	72.800	6	101
Mar	71.000	-	-	-	1	8
Total					2,430	6,472

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ ALUMINIUM (99.7%) LME	May	Aug	May	Aug
1600	30	73	85	51
1650	12	50	67	77
1700	5	33	108	106
■ COPPER (Grade A) LME	May	Aug	May	Aug
2250	128	116	14	79
2350	61	71	46	132
2450	22	41	106	199
■ COFFEE LIFFE	May	Jul	May	Jul
1600	53	131	43	111
1650	32	109	72	139
1700	17	90	107	170
■ COCOA LIFFE	May	Jul	May	Jul
1025	30	70	11	37
1050	15	56	24	48
1075	10	47	41	64
■ BRENT CRUDE IPE	May	Jun	May	Jun
1900	10	43	-	-
1950	-	30	-	-
2000	5	22	-	-

LONDON SPOT MARKETS

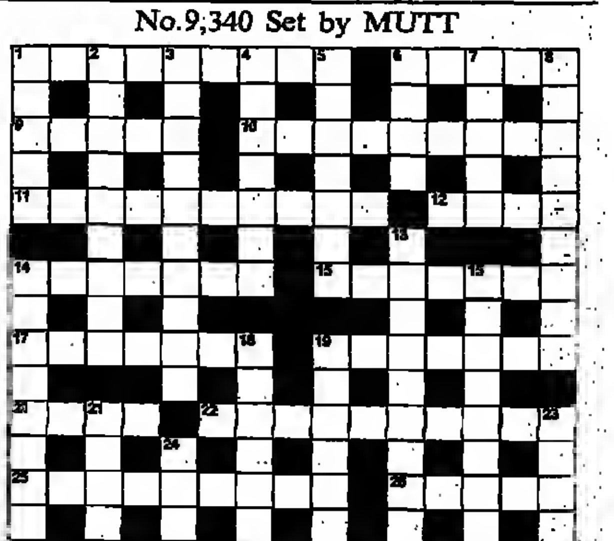
■ CRUDE OIL FOB (per barrel)		+or-
Dubai	$16.36-6.46w	-0.97
Brent Blend (dated)	$17.30-7.32	-0.67
Brent Blend (May)	$18.20-8.22	-0.72
W.T.I.	$19.60-9.62w	-0.69
■ OIL PRODUCTS NWE prompt delivery CIF (tonne)		
Premium Gasoline	$204-206	-4
Gas Oil	$163-165	-3.5
Heavy Fuel Oil	$80-82	
Naphtha	$188-190	+1.5
Jet fuel	$183-185	-3.5
Diesel	$175-177	-1
■ NATURAL GAS (Pence/therm)		
Bacton (May)	10.1-10.2	+0.1
Petroleum Argus. Tel. London (0171) 359 8792		
IPE (May)	10.175	+0.175
■ OTHER		
Gold (per troy oz)♣	$348.85	-2.00
Silver (per troy oz)♣	484.00c	-15.00
Platinum (per troy oz.)	$368.25	-1.00
Palladium (per troy oz.)	$146.50	-2.75
Copper	118.0c	
Lead (US prod.)	45.00c	
Tin (Kuala Lumpur)	14.32r	+0.05
Tin (New York)	273.50	
Cattle (live weight)	96.06p	+2.66*
Sheep (live weight)	153.20p	+9.82*
Pigs (live weight)†	85.70p	+5.23*
Lon. day sugar (raw)	$271.70	
Lon. day sugar (wte)	$310.70	+0.40
Barley (Eng. feed)	Unq	
Maize (US No3 Yellow)	£109.00	
Wheat (US Dark North)	Unq	
Rubber (May)♥	75.75p	+0.25
Rubber (Jun)♥	75.75p	+0.25
Rubber (KL RSS No1)	297.5x	-0.6
Coconut Oil (Phil)§	727.5y	-7.8
Palm Oil (Malay.)§	560.0z	
Copra (Phil)§	$480.0y	
Soyabeans (US)	234.0	+5.0
Cotton Outlook'A' index	76.70c	+0.15
Wooltops (64s Super)	401p	-14

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. w May y Apr/May♥ z Apr London Physical. § CIF Rotterdam. ♣ Bullion market close. * Change on week. †Based on 1,161 head of pigs sold.

JOTTER PAD

CROSSWORD

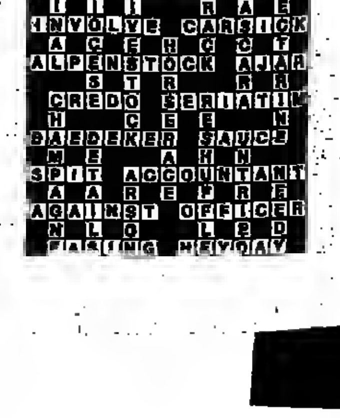
No.9,340 Set by MUTT



ACROSS
1 "What a — of — is a man!" (Hamlet) Mosaic? (5-4)
6 Pinch and cook lightly (5)
9 Salesman with books of advice for the gardener? (6)
10 Upstairs Downstairs (9)
11 Humberside town to adopt a bear – Uproar! (10)
12 In the bar each is designated a space (4)
14 Fishing-boat idler (7)
15 A number following father with the goods (7)
17 Butterfly's mouth is about over (7)
19 Singer of Divorce Town and Killer Whale making a comeback (7)
20 Dandy, being about 50 and a failure (4)
22 Croucher with copper drum gone berserk (10)
25 A little leprechaun's cat he drenched is not hurt (9)
26 Set about introducing the team live (5)
27 Attractive openings for dentists in Siberia (half year) (5)
28 Chants may suit a sailor (9)

DOWN
1 Chipper hearts in Scotland (5)
2 Banishment from E10 having turned up students on a charge (9)
3 Fans of dentists, perhaps? (9)
4 One pair cavorting alfresco (4-3)
5 A thrill not on from the start (4-3)
6 Dad going over the French limit (4)
7 Make changes in commercial terminology (5)
8 Could be heaven from now on (9)
13 Points on seasoning ma ignored in temporary transfer (10)
14 Astonish stupid Yankee, there's nothing in the kitty (9)
16 Flower parts (female) indicated by Mo (nice guy) (9)
18 Proud as anything in the extremities of heredity (7)
19 A la funny ha-ha? (7)
21 Silly ass! Oi! this is the watering place (5)
23 Idea I abandoned as being unacceptable (3,2)
24 Spoil your first girl? (4)

Solution 9,339



FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

BERMUDA (REGULATED)(**)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

Offshore Funds and Insurances

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

	Init Charge	Notes	Selling Price	Buying Price	+ or -	Yield Gr's
Abtrust Fund Mngrs Luxembourg SA (u)						
4 Boulevard Royal L 2449 Luxembourg 00 352 227001						
Abtrust Atlas Fund						
Global Cap Portfolio			$3.862		-0.046	-
United States Portfolio			$0.6946		-0.052	-
Contl Europe Portfolio	0		DM7.542		-0.110	-
Japan Portfolio			£0.565		—	-
Pacific Portfolio			$6.365		-0.081	-
Gold Portfolio			$3.770		+0.013	-
UK Growth of Income			£2.221		-0.037	3.61
Dollar Portfolio			$1.845		+0.001	1.93
Sterling Portfolio			£1.033		+0.001	5.30
Aetna Master Fund (u) (x)						
21 avenue 01 la Liberte, L-1931, Lux 00 352 2894 941						
Australasian NAV			A$13.00		—	-
American Net NAV			$267.29		-0.02	-
Belgo/Lux NAV			BFr588.85		+1.38	-
Dutch Intl NAV			DM46.35		+0.07	-
French Net NAV			FFr144.61		-1.90	-
German Net NAV			DM21.00		+0.09	-
Hongkong Intl NAV			HK$174.62		+0.41	-
Italian Net NAV			L13227		+6	-
Japanese Net NAV			Y1168		+14	-
Spanish Net NAV			Pta1479		-2	-
UK Net NAV			£11.01		-0.01	-
United States Dlr Res			$11.15		—	-
Prices quoted are "X" shares						
American Phoenix Investment Portfolios (n)						
12 rue Goethe, L-1637 Luxembourg 00 352 404646211						
European Multinational Ptflo			Ecu20.56		-0.36	-
European Multinational Ptflo			$24.43		-0.39	-
European Multinational Ptflo			£14.85		-0.23	-
European Multinational Ptflo			L40610		-710	-
European Multinational Ptflo			DM40.82		-0.69	-
Global Multinational Ptflo			Ecu19.09		-0.27	-
Global Multinational Ptflo			$27.23		-0.3	-
Global Multinational Ptflo			£13.55		-0.17	-
Global Multinational Ptflo			L[illegible]		-537	-
Global Multinational Ptflo			DM37.10		-0.02	-
US Growth Companies			$14.40		-0.05	-
US Growth Companies			£8.83		-0.03	-
US Growth Companies			L24087		-137	-
US Growth Companies			DM24.21		-0.12	-
US Real Estate Securities			$14.74		-0.15	-
US Real Estate Securities			£8.99		-0.06	-
US Real Estate Securities			L24514		-276	-
US Real Estate Securities			DM24.84		-0.35	-
BAII Asset Management Ltd						
10 Piccadilly, London W1V 0EE 0171 734 3700						

[illegible]

LUXEMBOURG (REGULATED)(**)

OFFSHORE INSURANCES

[illegible]

FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

	Selling Price	Buying Price	+ or -	Yield Gross
Old Mutual International - Contd.				
[illegible]				
Old Mutual International (Ireland) Ltd				
[illegible]				
Old Mutual International (Isle of Man) Ltd				
[illegible]				
AXA Asset Management				
[illegible]				
Apex Bank & Trust Company				
[illegible]				
Acciones y Valores de Mexico SA de CV				
[illegible]				
Africa Emerging Markets Fund				
[illegible]				
AgriBusiness Fund Management Co				
[illegible]				
Alliance Capital				
[illegible]				
Alpha Fund Management Ltd				
[illegible]				

	Selling Price	Buying Price	+ or -	Yield Gross
Global Asset Management - Contd.				
[illegible]				
Jardine Fleming Unit Trusts Ltd - Contd.				
[illegible]				

OTHER OFFSHORE FUNDS

[illegible]

● MANAGED FUNDS NOTES

[illegible]

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

BANKS, RETAIL

BREWERIES, PUBS & REST

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

CHEMICALS

CHEMICALS - Cont.

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ENGINEERING

ENGINEERING - Cont.

ENGINEERING - Cont.

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

EXTRACTIVE INDUSTRIES - Cont.

FOOD PRODUCERS

GAS DISTRIBUTION

HEALTH CARE

HOUSEHOLD GOODS

INSURANCE

INSURANCE - Cont.

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

INV TRUSTS SPLIT CAPITAL

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

Notes	Price	+ or -	52 week high	low	Yld Gr's	NAV	Dis or Pm(-)
[illegible]							

OTHER INVESTMENT TRUSTS

The following investment trusts are not eligible for inclusion in the FTSE Actuaries Share Indices.

Notes	Price	+ or -	52 week high	low	Yld Gr's	NAV	Dis or Pm(-)
Approved by the Inland Revenue							
[illegible]							

INVESTMENT COMPANIES

Notes	Price	+ or -	52 week high	low	Yld Gr's	NAV	Dis or Pm(-)
[illegible]							

LEISURE & HOTELS

Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]							

LIFE ASSURANCE

Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]							

MEDIA

Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]							

MEDIA - Cont.

Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]							

OIL EXPLORATION & PRODUCTION

Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]							

OIL, INTEGRATED

Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]							

OTHER FINANCIAL

Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]							

PAPER, PACKAGING & PRINTING

Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]							

PHARMACEUTICALS

Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]							

PROPERTY

Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]							

PROPERTY - Cont.

Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]							

RETAILERS, FOOD

Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]							

RETAILERS, GENERAL

Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]							

RETAILERS, GENERAL - Cont.

Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]							

SUPPORT SERVICES

Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]							

SUPPORT SERVICES - Cont.

Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]							

TELECOMMUNICATIONS

Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]							

TEXTILES & APPAREL

Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]							

TEXTILES & APPAREL - Cont.

Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]							

TOBACCO

Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]							

TRANSPORT

Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]							

WATER

Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]							

AIM

Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]							

AIM - Cont.

Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]							

AMERICANS

Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]							

CANADIANS

Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]							

SOUTH AFRICANS

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		[illegible]		[illegible]	[illegible]	[illegible]	3.1	[illegible]
[illegible]		[illegible]						
Gold Flds Prop R	†	[illegible]		[illegible]		14.0		
SA Brews		[illegible]						
Standard Bank		[illegible]						
Tiger Oats		[illegible]					1.7	
Tongaat-Hulett		[illegible]	+1½	[illegible]	[illegible]	[illegible]	2.4	♦

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service are delivered by Extel, part of Financial Times Information.

Company classifications are based on those used for the FTSE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices over a rolling 52 week period.

Where stocks are denominated in currencies other than sterling, this is indicated after the name. Prices shown for some of these foreign securities are converted into sterling from latest available local Stock Exchange prices.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Earnings used in calculations are based on IIMR 'Headline Earnings' formula.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- * Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- Figures or report awaited
- Rule 2.1(a)(iv) Overseas incorporated companies listed on an approved exchange.
- Free annual/interim report available, see details below.
- Rule 4.2(b) Irish incorporated non-listed companies.
- Price at time of suspension
- Indicated dividend yield after pending scrip and/or rights issue
- Merger bid or reorganisation in progress
- Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♦ Unregulated collective investment scheme.

a Yield based on annualised dividend. b Figures based on prospectus or other official estimates. g Assumed dividend yield after rights issue. h Assumed dividend yield after scrip issue. n Rights issue pending. q Earnings based on preliminary figures. s Dividend yield excludes a special payment. t Indicated dividend yield, p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings. z Dividend yield includes a special payment. F Yield based on prospectus or other official estimates for 1996-97. G Assumed yield after pending scrip and/or rights issue. H Yield based on prospectus or other official estimates for 1997. K Yield based on prospectus or other official estimates for 1998. L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on prospectus or other official estimates for 1995-96. § Dividend is paid in whole or part on a [illegible]. FD (Foreign Income Dividend). § Forecast annualised yield, p/e based on prospectus or other official estimates. W Pro forma figures. Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xp ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1495 a year for each security shown, subject to the Editor's discretion.

♣ FT Free Annual Reports Service
You can obtain the current annual/interim report of any company annotated with ♣. Please quote the code FT3439. Ring 0181 770 0770 (open 24 hours including weekends) or Fax 0181 770 3822. Reports will be sent the next working day, subject to availability.

FT Company Focus / Focus Plus
Comprehensive 10-18 page report available on this company, containing key news stories from the last year, latest survey of City profit forecasts and investment recommendations, 5 year financial and share price performance review, balance sheet and profit and loss data, plus recent Stock Exchange announcements.
Company Focus (FT news) £8.45.
Focus Plus (FT and Investors Chronicle news) £10.95.
To order, call 0121 200 4678.
Reports published by ShareFinder.

FT Cityline
Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.
Calls are charged at 50p per minute at all times.
An international service is available for callers outside the UK, annual subscription £250 stg.
Call 0171 873 4378 for more information on FT Cityline.
The share prices printed on these pages are also available on the internet at http://www.FT.com.

LONDON STOCK EXCHANGE

UK stocks on hold ahead of US jobs report

MARKET REPORT

By Steve Thompson, UK Stock Market Editor

An uneasy calm settled over UK stocks for much of yesterday, with the big institutions stubbornly refusing to get too involved in either buying or selling ahead of the next crucial economic news, the US non-farm payroll report for March, expected later today.

But London could not ignore the wearying effects of the latest retreat by US stocks overnight, which saw the Dow Jones Industrial Average post another three-figure fall before finishing 94 points lower. There was more of the same at the outset of trading in the US yesterday, when the Dow kicked in with a poor opening.

There was no mistaking the unease in European markets, as the Dow dropped over 80 points not long after US trading had begun, before stabilising and showing a 50-point retreat an hour after London closed.

Prior to the latest US excitement plenty of news arrived for the market to get its teeth into.

The Labour Party's manifesto contained no real surprises, especially the absence of any details of the much-feared windfall profits tax on the utilities, whose shares have been underperforming for some time.

But, as some dealers pointed out, the Conservative Party's manifesto, published on Wednesday, hardly got a mention during Wednesday's trading session.

The Confederation of British Industry's March survey, which indicated a slower than forecast rise in high street sales, gave a minor lift to gilts.

At the close of another tense trading session the FTSE 100 was left with a 22.0 decline at 4,214.6, not far short of the day's low of 4,233.2, reached over lunchtime. There was less pain for the market's second liners and smaller stocks, where the FTSE 250 settled 2.7 lower at 4,504.6 and the SmallCap index 4.6 down at 2,279.9.

The FTSE 100 has now fallen 96.3 over the past three sessions, wiping out its post US-rate rise gains.

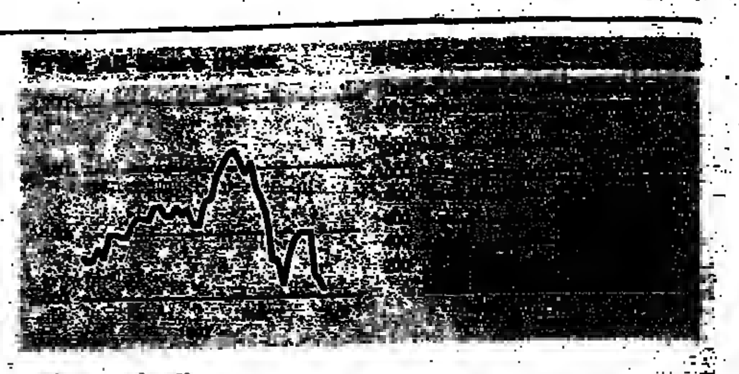
Unlike earlier in the week, London marketmakers were more relaxed with the market at the close yesterday. "There were plenty of institutional buyers around as the market got close to 4,200 and there were very few sellers; the US bond market was behaving itself as it did overnight," said one trader.

Turnover remained light and was expected to stay the same until the May 1 general election.

At 6pm 806.2m shares had been traded, with non-FTSE 100 stocks again accounting for a substantial majority; over 58 per cent.

Around the sectors there were plenty of winners and losers. Utilities made rapid progress as some adventurous fund managers decided the sector had factored in all bad news associated with a Labour government.

Outside the market's worries about interest rates there were increasing and revived rumblings that one of the UK clearing banks might be rethinking its investment banking policy. Dealers said such a move would trigger a massive upheaval on the London market.



Indices and ratios

FTSE 100	4214.6	-22.0
FTSE 250	4504.6	-2.7
FTSE 350	2082.8	-8.9
FTSE All-Share	2056.07	-8.35
FTSE All-Share yield	3.71	3.69
FT 30	2801.5	-11.6
FTSE Non-Fins p/e	18.05	17.90
FTSE100 Fut Jun	4237.0	-16.0
10 yr Gilt yield	7.74	7.72
Long gilt/equity yld ratio	2.09	2.12

Best performing sectors

1. Electricity +1.3
2. Building Matls & Mch +0.7
3. Tobacco +0.5
4. Gas Distribution +0.4
5. Building & Cons +0.4

Worst performing sectors

1. Oil Explor & Prod -2.4
2. Telecommunications -1.5
3. Mineral Extraction -1.5
4. Oil Intergrated -1.5
5. Household Goods -1.2

Gencos power ahead

By Peter John and Gary Mead

The two big electricity generators National Power and PowerGen lent support to a fragile market as the recent over-selling of utilities prompted more changes of heart.

Yesterday, Panmure Gordon argued that the generators have the strongest cash flows and balance sheets in the electricity sector, enabling them to stand firm against any Labour tax on windfall profits. Analyst Mr Angelos Anastasiou adds that PowerGen could comfortably provide 20 per cent dividend growth over the next three years and a corresponding percentage rise to 712p would still leave it on an undemanding yield relative of 120 against the broad market.

For National Power he forecasts a 15 per cent gain to 552p and for British Energy a 20 per cent increase in the partly paid shares to 156p.

National Power improved 17½ to 496½p and PowerGen 16½ to 608½p while British Energy was steady at 128p.

The attractive yields available in the water, gas and electricity sectors were highlighted by Williams de Broe last week. And yesterday Credit Lyonnais Laing pointed out the attractions of several stocks, while NatWest Securities was continuing to stress its enthusiasm for National Power after an update from the company.

Finally, there were suggestions that some utilities – particularly in the water sector – would be made more attractive if a Labour government abolished advanced corporation tax. Severn Trent, up 11 to 698½p, looked most attractive, with the lowest gearing in the sector.

Oil stocks lost ground as the price of Brent crude fell in early afternoon trading, having moved into line with Wednesday's after-hours sell-off in New York. Rising supplies outweighed slack spring demand to take crude back into a lower price range not seen for nine months.

BZW reminded clients of its $19 a barrel forecast and the impact on oil company profits. Also, Merrill Lynch which has taken a very cautious view on the US and UK majors for some time reiterated its stance at the morning meeting yesterday. The broker feels that BP is particularly highly valued.

BP fell 12¼ to 683½p and Shell Transport 13 to £10.41½p. Enterprise was the worst affected exploration and production stock, falling 22 to 615½p. The shares were also hit by fading hopes of good news from its Norwegian operations.

Airtours fell 38 to 923½p after its US partner Carnival Corp dashed speculation it may bid for the whole group soon. Carnival said it had no short-term plans to increase its 29.6 per cent stake in the package holiday company in spite of the expiry of a standstill agreement today.

BSkyB was up 7½ at 612p on reports that the company is in talks with Matsushita about the Japanese company taking a stake in the satellite TV company. Analysts said BSkyB needs financing for the launch of its digital television services, and could be seeking to raise the money through an issue of shares to Matsushita.

Rank lifted 9 to 436½p as hopes of a share buy-back grew, highlighted by the company's plans to sell its 20 per cent stake in Rank Xerox, its joint venture with Xerox Corp for around £930m. Lehman Brothers issued a buy note which argued that the sale of Rank Film Distributors would enhance earnings and help justify a price target of 485p.

Vardon, the leisure group, firmed a penny to 125½p after issuing a positive trading statement.

Glaxo Wellcome fell back after the pharmaceuticals group issued a warning about the side effects of its epilspsy drug Lamictal. Glaxo said new data suggested the incidence of serious skin rashes in children was between one in 100 and one in 300, significantly higher than in adults.

At the end of 1996, Lamictal sales were £105m, about 1.25 per cent of total revenue. However, after the initial slide, the shares rallied to end 6 lower at £10.87p.

BOC advanced 6 to 940½p as news of further price increases in the US industrial gas market boosted optimism over industry prospects.

Praxair, the US industrial gas supplier, said carbon dioxide prices in the US would be raised an average 4 per cent and hydrogen prices around 7 per cent from May.

Praxair said it was experiencing rising gas costs, tight supply for carbon dioxide and a much higher rate of government and commercial consumption of hydrogen.

In the retail sector, Carpetright set a firm face against the overall downward trend of the market, ending up 16½ to 537½p.

Safeway gained 4 to 357p, buoyed by NatWest Securities which expressed the view that the stock is undervalued. The broker anticipates better profits for the year to March than the range of current analysts' forecasts of between £427m to £440m.

Marks and Spencer continued to bask in the news concerning expansion of its direct home shopping operations and put on 1½ to 490½p.

Vendome gained 6 on the day to 508½p, and Boots gained 2½ to 685½p. Dixons put on 5½ to 544p, helped – as was the sector generally, according to one analyst – by the "exceptionally good consumer credit figures" of Wednesday.

Elsewhere, in food retailing, the hamper group Park Food was down a penny to 55½p, while J. Sainsbury fell 2 to 394p. Watson & Philip was down 2½ at 455½p, and Asda down 1¼ at 108½p. Iceland shed 1½ at 91½p, and Kwik Save eased a penny at 302½p.

Scottish & Newcastle proved to be one of the heavier losers among brewers, several of which slipped on the day; S&N lost 9½ to 666½p. Others that fell included Whitbread, down 5 to 768½p, and Wolverhampton & Dudley, 3½ lower at 661½p. Morland lost 4 at 600p, Mansfield Breweries fell 1½ to 350p, and Greene King dropped 2½ to 700p. Bass, however, was up 8 to 815p.

Laird Group jumped 44½p to 389p on the back of strong results for 1996 and an upbeat statement. Laird's profit of £89.2m topped estimates centring on £86m to £87m. Laird's statement included news that profits in the first two months of this year were ahead of last year's.

Building materials group Camas was boosted 3 to 84p by results and a positive trading statement.

United Assurance improved 12 to 486p after the annual figures came out at £193.5m against £163.8m previously.

FT 30 INDEX

	Apr 3	Apr 2	Apr 1	Mar 27	Mar 26	Yr ago	*High	*Low
FT 30	2801.5	2813.1	2812.5	2851.4	2846.1	2796.7	2881.4	2668.8
Ord. div. yield	3.98	3.94	3.95	3.89	3.90	3.67	4.22	3.76
P/E ratio net	16.76	16.83	16.82	17.06	17.01	16.60	18.08	15.80
P/E ratio nil	16.69	16.66	16.86	16.88	16.84	16.56	17.87	15.71

FT 30 since compilation: high 2881.4 10/03/97| low 49.4 26/06/40. Base Date: 1/7/35.

FT 30 hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2797.3	2801.5	2801.2	2803.3	2806.4	2813.2	2811.5	2811.1	2809.8	2818.2	2796.7

	Apr 3	Apr 2	Apr 1	Mar 27	Mar 26	Yr ago
SEAQ bargains	66,628	67,774	57,809	56,547	63,912	48,156
Equity turnover (£m)†	-	NA	NA	3935.7	3628.7	2125.6
Equity bargains†	-	NA	NA	67,506	52,554	56,711
Shares traded (ml)†	-	NA	NA	968.2	867.0	612.5

†Excluding intra-market and overseas turnover but including Crest turnover.

	Apr 3	Apr 2	Apr 1	Mar 27	Mar 26	Yr ago	*High	*Low
FTSE AIM	1087.6	1087.8	1094.9	1109.3	1110.6	981.4	1140.4	985.7

© FTSE International Limited 1997. All rights reserved. *For 1997.

London market data

Rises and falls*		52 Week highs and lows		LIFFE Equity options	
Total Rises	448	Total Highs	33	Total contracts	N/A
Total Falls	732	Total Lows	76	Calls	
Same	1,190			Puts	

Apr 3 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

FTSE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	4237.0	4237.0	-16.0	4262.0	4214.0	13728	61994
Sep	4252.0	4260.0	-17.5	4265.0	4262.0	15	2406

FTSE 250 INDEX FUTURES (LIFFE) £15 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun		4514.0	-1.0			0	4960

FTSE 100 INDEX OPTION (LIFFE) (*4234) £10 per full index point

	4050 C	4050 P	4100 C	4100 P	4150 C	4150 P	4200 C	4200 P	[illegible]
Apr	191	8½	148½	15	108	25½	72½	40½	[illegible]
May	227½	30½	190	40	153	60	121	79	[illegible]
Jun	259	59	226	70½	186	85	152½	104½	[illegible]
Jul	271	70	236½	85	206½	100	174½	118½	[illegible]
Dec†			341½	141½			276½	173½	[illegible]

Calls 4,229 Puts 2,469

EURO STYLE FTSE 100 INDEX OPTION (LIFFE) £10 per full index point

	4075		4125		4175		4225		[illegible]
Apr	178½	14	127½	21	88	32	57	50	[illegible]
May	219	42	172	54	137	69½	105	87	[illegible]
Jun	241	55	204	77½	170½	93	139½	112	[illegible]
Sep			267½	119			209½	154	[illegible]
Dec†			327½	142½			284½	175	[illegible]

Calls 4,224 Puts 3,108 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1997 High	1997 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
§100	F.P.	25.0	100	99	Aurora Inv Trust	100		-	-	-	-
§100	F.P.	78.9	103½	103½	†Avalon Oil	103½		-	-	-	-
-	F.P.	-	142½	124	Avis Europe	128½	-1	-	-	-	-
§600	F.P.	127.5	620	580	Cambridge Antibody	595	-5	-	-	-	-
§	F.P.	13.2	85	85	†Charlton Athltc	80½	-1	-	-	-	-
§	F.P.	54.8	335	290	Diagonal	295		-	-	-	38.4
§200	F.P.	12.2	270	240	†Dobbies Garden	260		L4.5	2.2	2.2	18.4
[illegible]											

† Alternative Investment Market. § Placing price. * Introduction. For a full explanation of all other symbols please refer to The London Share Service notes.

FT GOLD MINES INDEX

	Apr 3	% chg on day	Apr 2	Year ago	Gross div yield %	P/E ratio	52 week High	52 week Low
Gold Mines Index (32)	1692.63	+0.8	1622.88	2216.94	2.58	-	[illegible]	[illegible]
Regional Indices								
Africa (14)	1893.55	-0.9	1910.85	3077.99	4.74	29.86	3197.52	1893.55
Australasia (6)	1911.83	+0.8	1897.25	2700.89	2.62	20.70	2944.14	1897.25
North America (12)	1528.58	+1.2	1610.58	2044.48	0.87	59.64	2134.81	1510.59

Copyright, FTSE International Limited 1997. All rights reserved. Figures in brackets show number of companies. Basis US Dollars. Base Value: 1000.00 31/12/92. † Partial. Latest prices were unavailable for this edition.

FTSE Actuaries Share Indices — The UK Series

Produced in conjunction with the Faculty and Institute of Actuaries

	Apr 3	Day's chge%	Apr 2	Apr 1	Mar 27	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
FTSE 100	4214.6	-0.5	4236.6	4248.1	4312.9	3755.6	3.53	2.07	15.74	51.20	1784.08
FTSE 250	4504.6	-0.1	4507.3	4497.4	4576.2	4355.3	3.55	1.53	22.98	34.84	1850.40
FTSE 250 ex IT	4545.2	.....	4549.1	4539.3	4616.7	4416.6	3.64	1.56	22.02	35.39	1883.07
FTSE 350	2082.8	-0.4	2091.7	2095.2	2128.1	1891.5	3.77	1.97	16.85	23.38	1799.71
FTSE 350 Higher Yield	2010.8	-0.2	2015.1	2018.8	2052.5	1837.1	4.90	1.86	13.81	27.29	1469.25
FTSE 350 Lower Yield	2161.2	-0.6	2175.0	2178.4	2210.5	1963.1	2.62	2.20	21.68	19.14	1631.30
FTSE SmallCap	2279.92	-0.2	2284.53	2280.31	2313.72	2109.84	3.04	1.57	24.85	16.50	1918.45
FTSE SmallCap ex IT	2294.02	-0.2	2297.92	2293.79	2323.30	2093.72	3.23	1.74	22.26	17.02	1944.84
FTSE All-Share	2056.07	-0.4	2064.45	2067.37	2099.79	1869.53	3.71	1.95	17.28	22.42	1803.02

FTSE Actuaries Industry Sectors

	Apr 3	Day's chge%	Apr 2	Apr 1	Mar 27	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(20)	3987.79	-1.5	4049.33	4073.52	4123.74	3405.75	3.74	2.14	15.60	30.55	1781.13
12 Extractive Industries(5)	4018.56	-0.8	4054.29	4035.14	4078.63	4268.72	3.59	2.38	13.45	96.06	1225.15
15 Oil, Integrated(3)	4086.50	-1.5	4149.07	4187.88	4239.12	3443.52	3.88	2.10	14.95	20.17	1849.50
15 Oil Exploration & Prod(12)	3512.90	-2.4	3597.51	3667.94	3821.39	2469.83	1.63	2.20	34.86	34.64	2160.20
20 GEN INDUSTRIALS(270)	1983.49	+0.2	1980.23	1976.78	2006.17	2104.80	4.01	1.57	16.66	15.99	1120.24
21 Building & Construction(35)	1349.96	+0.4	1338.56	1326.87	1349.07	1146.09	3.15	1.89	20.76	12.96	1158.66
22 Building Matls & Merchs(31)	1847.47	+0.7	1833.96	1826.32	1860.32	1872.61	4.33	2.76	10.45	10.40	960.13
23 Chemicals(26)	2246.92	+0.3	2240.80	2247.81	2278.38	2516.60	4.87	1.59	16.87	31.69	1105.67
[illegible]											
73 Insurance(18)	1626.77	+0.4	1620.66	1634.71	1658.36	1392.21	5.30	2.31	10.20	37.28	1287.70
74 Life Assurance(7)	4432.37	+0.3	4420.26	4446.26	4531.89	3583.35	3.95	2.11	14.95	69.61	1914.12
77 Other Financial(28)	3064.64	-0.3	3073.27	3071.89	3123.72	2555.84	3.31	1.95	19.33	25.17	1806.52
79 Property(44)	1840.30	-0.1	1842.44	1852.92	1863.85	1470.24	3.48	1.61	27.34	7.34	1167.75
80 INVESTMENT TRUSTS(127)	3205.26	-0.4	3219.87	3214.32	3268.03	3176.57	2.29	1.12	49.10	15.88	1141.86
89 FTSE All-Share(912)	2056.07	-0.4	2064.45	2067.37	2099.70	1869.53	3.71	1.95	17.28	22.42	1803.02
FTSE Fledgling	1289.74	+0.1	1288.41	1285.74	1306.89	1176.87	3.04	0.76	54.83	8.16	1380.76
FTSE Fledgling ex IT	1312.27	+0.2	1309.94	1307.04	1327.74	1161.37	3.34	0.71	52.47	8.49	1407.31

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FTSE 100	4213.3	4216.7	4214.5	4216.2	4223.5	4233.2	4230.6	4226.5	4223.5	4233.2	4207.5
FTSE 250	4491.0	4492.2	4494.7	4498.4	4501.5	4503.8	4505.0	4506.2	4506.6	4506.6	4490.2
FTSE 350	2081.5	2082.4	2081.8	2083.6	2086.0	2090.0	2089.1	2087.1	2086.5	2090.0	2079.1

Time of FTSE 100 Day's high: 1:00 PM Day's low: 10:19 AM. FTSE 100 1996/97 High: 4444.3 (11/03/97) Low: 3632.3 (24/12/96).

FTSE 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	1246.7	1247.4	1251.3	1253.5	1255.6	1257.4	1257.6	1257.6	1258.4	1257.7	1251.0	+6.6
Pharmaceuticls	6161.9	6197.2	6206.3	6196.5	6209.2	6228.1	6223.0	6215.4	6231.5	6205.1	6274.5	-69.4
Water	2405.9	2412.5	2428.7	2425.9	2427.0	2429.7	2429.2	2427.4	2425.0	2420.7	2413.6	+7.1
Banks, Retail	5374.2	5368.5	5365.2	5372.3	5379.2	5396.1	5382.6	5377.6	5372.3	5361.6	5393.6	-32.0

For further information on the FTSE Actuaries Share Indices please contact FTSE International on 0171 448 1810. The FTSE Actuaries Share Indices are calculated in accordance with a standard set of ground rules established by FTSE International in conjunction with the Faculty of Actuaries and the Institute of Actuaries. © FTSE International Limited 1997. All Rights reserved. "FT-SE" and "Footsie" are trade marks of the London Stock Exchange and The Financial Times and are used by FTSE International under licence. † Sector P/E ratios greater than 80 and net covers greater than 30 are not shown. ‡ Values are negative. Name Change: Gartmore Fledgling Index formerly Gartmore Micro Index (FTSE Fledgling): Addition: Dominion Energy (FTSE Fledgling).

FTSE INTERNATIONAL

TRADING VOLUME

Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
[illegible]			

Based on trading volume for a selection of major securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded. † Indicates an FTSE 100 index constituent.

WORLD STOCK MARKETS

Highs & Lows shown on a 52 week basis

EUROPE

AUSTRIA (Apr 3 / Sch)

BELGIUM/LUXEMBOURG (Apr 3 / Frs.)

CZECH REP (Apr 3 / Korun)

DENMARK (Apr 3 / Kr)

FINLAND (Apr 3 / Mka)

FRANCE (Apr 3 / Frs.)

GERMANY (Apr 3 / Dm.)

GREECE (Apr 3 / Drachma)

ITALY (Apr 3 / Lira)

NORWAY (Apr 3 / Kroner)

POLAND (Apr 3 / Zloty)

PORTUGAL (Apr 3 / Escudo)

SPAIN (Apr 3 / Pts.)

SWEDEN (Apr 3 / Kronor)

SWITZERLAND (Apr 3 / Frs.)

TURKEY (Apr 3 / Tk.Lira)

PACIFIC

JAPAN (Apr 3 / Yen)

HONG KONG (Apr 3 / H.K.$)

INDONESIA (Apr 3 / Rupiah)

MALAYSIA (Apr 3 / MYR)

NEW ZEALAND (Apr 3 / NZ $)

SINGAPORE (Apr 3 / S$)

AUSTRALIA (Apr 3 / Aus$)

SOUTH KOREA (Apr 3 / Won)

TAIWAN (Apr 3 / TW $)

THAILAND (Apr 3 / Baht)

AFRICA

SOUTH AFRICA (Apr 3 / Rand)

NORTH AMERICA

CANADA

TORONTO (Apr 3 / Can $) 12 pm

MONTREAL (Apr 3 / Can $) 11:45 am

INDICES

US INDICES

Dow Jones

■ RATIOS

	Mar 21	Mar 14	Mar 7	Year ago
Dow Jones Ind. Div. Yield	1.89	1.95	1.98	2.13
	Apr 2	Mar 26	Mar 19	Year ago
S & P Ind. Div. yield	1.86	1.77	1.78	1.86
S & P Ind. P/E ratio	21.45	22.54	22.38	21.43

■ NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
AdvMicro	5,892,000	38¾	–⅜
AT&T	5,180,300	34¼	–⅛
Micron	4,906,100	38⅝	–⅛
Columbia HCA	4,528,700	31⅝	–1¼
Walgreen B	3,969,800	18¾	+¼
H. Packard	3,857,300	50⅞	–1¼
WalMart	3,581,200	27⅝	–
IBM	3,538,000	133¾	–3
PepsiCo	3,449,500	31¼	–⅛
Gen Elec	3,412,500	97⅞	–¼

■ TRADING ACTIVITY

● Volume (million)

	Apr 2	Apr 1	Mar 31
New York SE	472.203	507.038	556.727
Amex	20.986	17.186	19.450
NASDAQ	592.051	609.822	594.384
NYSE			
Issues Traded	3,298	3,310	3,337
Rises	817	1,180	542
Falls	1,711	1,347	2,150
Unchanged	770	812	645
New Highs	23	20	27
New Lows	97	101	107

■ S&P 500

	Open	Latest	Change	High	Low	Est. vol.	Open Int.
Jun	750.70	751.20	–13.80	754.50	749.80	94,084	174,230
Sep	–	758.50	–14.40	–	–	313	4,500

■ Nikkei 225

	Open	Sett price	Change	High	Low	Est. vol.	Open Int.
Jun	17930.0	18080.0	+30.0	18180.0	17950.0	16,576	235,315
Sep	18090.0	18130.0	+260.0	18130.0	18090.0	101	2,724

Open interest figures for previous day.

⊕ Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ▼ Subject to official recalculation.

INDEX FUTURES

■ CAC-40

■ DAX

■ OMX

■ SOFFEX

♣ FT Free Annual Reports Service

■ TOKYO – MOST ACTIVE STOCKS: Wednesday, April 3, 1997

	Stocks Traded	Closing Prices	Change on day
Nippon Credit Bk	14.4m	205	-18
Nippon Steel Cp	11.2m	357	-6
Mitsui Min & Sml	9.9m	494	-6
Fujitsu	7.7m	1280	-10
NEC Corp	6.0m	1460	+20
Hitachi	5.8m	1130	+20
Pacific Ind	5.7m	790	+27
Hokkaido Taku Bk	5.1m	156	-6
NKK Corp	4.9m	265	-4
Kawasaki Steel	4.9m	355	-7

3:15 pm April 3

NEW YORK STOCK EXCHANGE PRICES

- A -

1997 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
30 1/2	24 1/4	AAR	0.48	1.6	24	1402	29 3/4	29 1/2	29 1/2	-3/8
43	33 1/8	AMP	1.04	3.1	29	8451	33 3/4	33 1/2	33 1/8	-1/2
90 3/8	78 1/4	AMR			8	8082	83	80 1/4	82 5/8	+1 5/8
37 7/8	33 1/4	ASA	1.20	3.6	22	70	33 7/8	33 5/8	35 3/4	
60 1/2	49 3/4	AbbtL	1.00	2.3	22	5163	00	55 1/4	56 3/8	-1/2
17 1/2	14 3/8	AbitibiPr	0.40	2.8	7	654	14 1/2	d14 1/4	14 1/4	-1/8
19 3/4	17 3/8	ABM Ind	0.40	2.8	17	61	18 1/8	18	18	-1/2
23	18 1/4	Acpincelo			9	69	19	18 3/4	18 7/8	+1/8
66 3/8	56 1/8	ACE Ltd x	0.72	1.1	18	865	63 1/2	62 5/8	62 3/4	-3/8
16 3/4	10 1/8	ACM Gvt In x	0.96	0.9	11	39	16 1/4	d10 3/8	10 1/8	-1/8
7 5/8	7	ACM GvOpp x	0.63	8.5		23	7 1/2	7 3/8	7 3/8	
9 7/8	9 1/4	ACM Man x	0.60	9.4		88	9 5/8	0 1/2	9 5/8	
10 3/8	6 1/4	Acme Elect				17	6 1/4	d6 1/4	6 1/4	
28	14 7/8	Acme Mills			63	20	14 7/8	d14 5/8	14 3/8	-1/4
33	27 1/4	Acordia	0.00	2.5	15	35	32	31 3/4	31 3/4	-3/8
29 3/4	22	Acuson				1136	22 1/4	d21 1/4	21 7/8	-1/2
21	10 3/8	Adams Expr	0.55	2.8	1	279	20 1/8	20	20	-3/8
48 1/2	24 7/8	AdvMic				25903	50	36 5/8	37 7/8	-1 5/8
15	18 1/8	Advest Grp x			8	43	11 3/4	11 1/2	11 3/4	+1/4
14 5/8	11 5/8	Advo Inc			27	131	11 3/4	11 5/8	11 5/8	-1/8
73 5/8	61 1/8	Aegon	1.18	1.6	19	161	64 5/8	63 7/8	64 3/8	-3/8
5 1/8	3 1/4	Aerflx				60	5 3/8	d3 1/4	3 3/4	
67 5/8	47	AES Corp				20	58	58	58	+1/8

- B -

- C -

- D -

- E -

- F -

- G -

- H -

- I -

- J -

- K -

- L -

- M -

- N -

- O -

- P - Q -

- R -

- S -

Continued on next page

3:15 pm April 3

NYSE PRICES

1997 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
		Continued from previous page								
53¾	49⅝	SBC Com x	1.72	3.3	14	8473	52¼	51½	51½	-⅛
26⅞	24⅞	Scana Corp	1.51	6.0	12	780	25¼	25	25	-⅛
9	7⅞	SchwabA	0.26	3.2	37	14	8¼	8⅛	8¼	
62	49½	ScheringP			34	159	50½	50⅛	50¼	
82	68½	SchPl	1.32	1.8	21	6126	73¼	71¾	72⅜	+⅛
116⅝	95	Schlmb x	1.50	1.4	20	9300	105⅛	104	104	-2⅝
12⅞	10	Schlr x	0.12	1.1	12	199	10⅞	10½	10½	-⅛
42	30⅝	Schwab(C)	0.20	0.6	25	4621	34	31	33⅝	+1¼
35⅝	29⅞	Schwlnd	0.38	1.2	12	125	30⅞	30½	30⅞	+¼
19⅝	14⅝	SciAtl	0.06	0.4	86	1678	15⅛	d14⅝	15	-¼
29⅝	26	Scotsmn x	0.10	0.4	14	11	27⅜	27⅜	27⅜	
13¼	12⅞	ScudderNAsF	0.02	0.2		86	12⅝	12½	12½	-⅛
15⅜	13⅝	ScudderNEsF	0.06	0.4		38	14⅝	14½	14⅝	-⅛
16¼	15⅛	SeaCoA	0.77	4.9	22	356	15⅞	15⅝	15⅝	-⅛
19⅛	15⅛	SeaC1.4625	1.46	9.4		8	15½	15½	15½	+⅛
58¼	37⅞	S'gate	-			3619074	47⅞	45⅝	47⅛	+⅝
42¾	37	Seagrm	0.66	1.8		3361	37½	37⅛	37¼	+⅛
24⅛	17⅞	Seagull En			30	1515	18⅝	18	10	-⅛
48	39¼	Sealed Air			20	889	44⅝	43⅝	44	-⅜
58¾	44⅝	SearsR	0.92	1.9	15	6651	49⅞	48⅞	49	-⅜
20	21	ScCpSBH	1.30	5.7	15	490	23⅛	22¾	22¾	-⅜
12⅞	12⅞	Seligm Sel	0.84	6.7		32	12¾	12¾	12⅝	
16	14⅞	Sensormat	0.22	1.3		539	16¾	16⅝	16½	-⅛
46⅞	36¼	SequaA	0.60	1.3	47	47	45½	45⅛	45¼	+⅛
49⅛	47½	SequaB	0.50	1.1	60	20	47½	d47½	47½	
33⅞	26⅞	ServCp	0.30	1.0	26	3806	31¼	30½	31¼	+½
28¾	24⅝	SvMstr	0.68	2.4	16	232	30⅛	27⅞	28	+¼
4½	3¼	SenMerch			7	523	3⅞	d3¼	3¾	-⅛
80⅞	64½	SGSThm			14	742	68⅛	67	67	-1⅜
14⅞	11⅞	Shaw Ind	0.30	2.4	69	899	12⅝	12⅜	12½	-⅛

[illegible]

- T -

[illegible]

- U -

[illegible]

- V -

[illegible]

- W -

[illegible]

- X - Y - Z -

[illegible]

Price data supplied by Extel, part of FT Information.

Yearly highs and lows for NYSE reflect the period from Jan 1 1997. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

d-new yearly low. P/E price-earnings ratio. sls-sales. u-new yearly high. x-ex-dividend or ex-rights. yld-yield. z-sales in full.
[illegible]

♣ FT Free Annual Reports Service

You can obtain the current annual reports and, if available quarterly reports of any companies on the US exchanges with a ♣ symbol. To order reports ring International Access 1-804-320-6097 or give the names of the companies whose reports you want and fax your request to International Access 1-804-320-6195. Reports will be sent the next working day, subject to availability. You can also order online at http://www.icbinc.com/cgi-bin/ft

NASDAQ NATIONAL MARKET

3:15 pm April 3

- A -

[illegible]

- B -

[illegible]

- C -

[illegible]

- D -

[illegible]

- E -

[illegible]

- F -

[illegible]

- G -

[illegible]

- H -

[illegible]

- I -

[illegible]

- J -

[illegible]

- K -

[illegible]

- L -

[illegible]

- M -

[illegible]

- N -

[illegible]

- O -

[illegible]

- P - Q -

[illegible]

- R -

[illegible]

- S -

[illegible]

- T -

[illegible]

- U -

[illegible]

- V -

[illegible]

- W -

[illegible]

- X - Y - Z -

[illegible]

AMEX PRICES

3 pm April 3

[illegible]

EASDAQ

EASDAQ is a fully regulated independent pan European Stock Market focused on high growth companies with international aspirations. The shares of companies on the EASDAQ Stock Market can be bought and sold through EASDAQ Members. EASDAQ Members are made up of Brokers and Banks from across Europe.

Company	Mid price	Change on day	Volume	High	Low	Company	Mid price	Change on day	Volume	High	Low
ActivCard	US$8.125		12080	8.25	8	Esprit Telecom ADS	US$11.875	-0.25	1200	12.5	11.875
Artwork Systems	US$10.5		1550	11.375	10.25	Innogenetics	US$12.125		3970	12.625	10.5
Chemunex	FF17.6		53000	19	17	Mentor Internatl.	US$8.5		8	11.375	9
Dr Solomon's ADS	US$22.125	+0.125	0	26	20.875	PxTech	US$4.75		9	8.25	4.375

Prices for 3/4/97. Please note that trading prices are currently used to calculate highs and lows.

Information about EASDAQ can be found on the Web site at: HTTP://WWW.EASDAQ.be
EASDAQ offices are located in Brussels (Tel. 32-2 / 227 65 20) and in London (Tel. 44-171 / 489 8890).

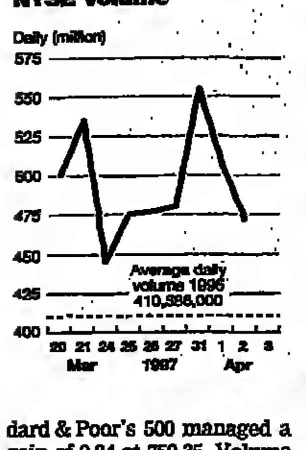
US shares dip in mixed session

AMERICAS

US shares were mixed at midsession yesterday as positive oews from Lucent Technologies and some bargain bunting belped lift technology shares, while blue chip issues continued to slide, *writes Lisa Bransten in New York.*

At noon, the Dow Jones Industrial Average was off 35.88 at 6,481.13 – just 32.86 points above where it started the year – while the Standard & Poor's 500 managed a gain of 0.24 at 750.35. Volume on the New York Stock Exchange was heavy at 216m shares.

NYSE volume



Meanwhile investors in the technology sector drew some solace from Lucent's announcement that it expected its first quarter earnings to be more than double analysts' estimates of 4 cents a share. Sbares in Lucent added $1⅞ or 4 per cent at $52.

The technology-rich Nasdaq composite added 8.59 at 1,209.59, on track to pot an end to its recent string of sbarp losses. The Pacific Stock Exchange technology index, which contains Nasdaq and NYSE-quoted shares, was flat.

The four largest companies on the Nasdaq were all stronger. Intel added $1¼ at $138¼, Microsoft climbed $1⅞ at $93⅞, Cisco Systems was $⅝ stronger at $48¼ and Oracle climbed $1⅝ at $38⅝.

But not all the news about the technology sector was good. IBM slumpad on reports that analysts were lowering their earnings estimates for the compnter industry giant; First Call reported a drop in both first quarter and full year estimates for the company. Shares in IBM, which is a component of the Dow, lost $3⅝ at $130⅝.

In addition, Diamond Multimedia, a maker of computer modems and other add-on products, slid $1⅝ or 18 per cent to $7 after warning that it expected to post e first quarter loss of 11-15 cents a share because of weak demand for some of its products.

Financial service companies managed to post small gains in the wake of the sharp losses experienced in recent sessions. Among the three financial stocks in the Dow, J.P. Morgan added $1 at $97⅞, Travelers Gronp rose $1⅞ at $48½ and American Express climbed $⅜ at $59¼.

Shares in Patriot American Hospitality added $¾ or 3 per cent at $23¼ on reports that it was in talks to purchase Carnival Hotels & Casinos.

TORONTO held relatively steady in the face of continued early weakness on Wall Street. Dealers said trading during the morning bad been mixed, with a firm undertone. At the noon calculation, the 300 composite index was off 2.04 at 5,847.00.

Bre-X Minerals, the troubled exploration group, rallied gently, adding 20 cents to C$3.40 after another morning of beavy turnover. Last week, prior to revelations about the group's gold deposits, the stock stood at C$15.50.

Among leading stocks, Alcan Aluminium dipped 25 cents to C$46.00, Seagrams 10 cents to C$51.65 and Royal Bank of Canada 30 cents to C$54.30. Barrick Gold lost 30 cents to C$33.30.

Mexico stays upbeat

MEXICO CITY continued to improve in early trading. The market, whicb rallied towards tbe close on Wednesday, maintained an upbeat mood at the opening yesterday, adding 7.74 to 3,723.92 on the IPC index at midsession.

The peso made a bad start in the foreign exchanges and there was little positive economic or business news. Volume was thin. But the broad undertone was steady and a few limited buyers pusbed prices ahead. "Everybody is unwilling to let go of their positions. If there is a rout on Wall Street this could change, but for the moment there is relative steadiness", said one broker.

There were solid gains too in **CARACAS** and **SANTIAGO**. The former added 68.31 to 6,185.28 on the IBC index.

On the Chilean stock market the IPSA index gained 1.86 or 1.6 per cent to 116.53 by midsession.

Lacklustre Jo'burg ends flat

Shares in Jobannesburg had another lacklustre session. Volume was described by traders as "modest" and at the close the all-share index was holding level at 6,981.1.

Sentiment was flat throughout most of the session and a gentle rally towards the close had limited overall impact.

Tbe indnstrial index gained 22.5 to 8,202.8 in broadly mixed trading. Iscor eased 6 cents to R346 while Richemont gained 25 cents to R57.50.

Golds suffered from dull sentiment in bullion as European prices for gold attempted to rise above, but eventually sank back below $350. Dealers said activity was minlmal ahead of today's critical US employment data.

Alcatel tumbles following SocGen placing

EUROPE

The staggered introdnction of aummer time in the northarn hemisphere, with New York opening an hour later by European standards, continued to affect bourse performance. Some markets, like Denmark's, took a beating after Wednesday's 1.4 per cent drop in the Dow; others, notably in France and in Germany, spent an uneasy afternoon as they waited for Wall Street again.

PARIS continued to move lower, not belped by a bad day for Alcatel Alsthom which stumbled following a sizeable placing by Société Générale.

Alcatel slid by FFr33 or 4.9 per cent to FFr645 after the Frencb banking group placed 3m shares – a staks held by the Fiat group – with institutions at FFr647 a share.

Thomson-CSF maintained an upward momentum, buoyed by confirmation that GEC of the UK had entered the bidding for the defence group. The shares added FFr4.50 to FFr193.

Motor stocks stayed under a cloud. Renault lost FFr1.40 to FFr129.7 and Peugeot FFr13 at FFr598. Michelin came off FFr9.80 to FFr320.

Against tbe trend, Sommer-Allibert, the components group, jumped FFr8.90 or 5.2 per cent to FFr179.90 after SocGen moved from "neutral" to "buy". Lyonnaise des Eaux added FFr4 to FFr542 following an upbeat trading statement.

After a session of relatively narrow trading, the CAC 40 index ended off 15.45 at 2,514.83.

FRANKFURT, down 2.2 per cent on Wednesday, dropped another percentage point in early trading to an intra-day Dax low of 3,178.80.

There had been rumours that a hig international investment bank had made a sell recommendation for the whole German market, said Ms Barbara Altmann at B Metzler. The rumours turned out to be untrue and, after a late afternoon wobble, the Dax finished a token 1.88 higher at an *Ibis*-indicated 3,212.82. It gained strength from a positive analysts meeting at BASF which brought buy recommendations from a number of banks and brokers, and lifted the stock by DM3.21 or 5.4 per cent to DM62.90.

Carmakers were mostly weaker in spite of the announcement, late on Wednesday, that US sales for German carmakers were sharply higher to March.

Daimler shed DM2 at DM121.95 and Porsche preferred dropped DM45 or 2.4 per cent to DM1,800 although its March US car sales were up by 73.7 per cent.

The exception was Volkswagen, which rose DM10.65 to DM878.45 after its Czech subsidiary, the once-scorned Skoda, said that its annual output should rise to 500,000 units by the end of the century, from 263,193 in 1996.

AMSTERDAM traded narrowly throughout the session in thinnish volume, ending with the AEX index off 6.44 at 702.11. Both bonds and options were dull. Dealers said matters were mostly on bold ahead of today's US employment data.

Elsevier moved ahead, against the trend, as talk of an acquisition resurfaced. The shares gained 20 cents to Fl 29.50. The rival publishers, VNU and Wolters Kluwer, gained 50 cents to Fl 38.00 and 90 cents to Fl 218.30 respectively.

ING dipped Fl 1.00 to Fl 69.30 in spite of top-of-the-range results. Fortis Amev turned in the day's steepest decline, slipping Fl 2.60 to Fl 66.50.

Hoogovens, a strong market lately, ran into profit-taking, with the shares in the steel giant moving Fl 3 lower to Fl 87.

ZURICH registered a third successive decline, the SMI index losing 24.7 at 4,464.0 in nervous trading on continuing uncertainty about the course of US interest rates. In banks, SBC fell SFr4 to SFr293 and Credit Suisse by SFr3.75 to *SFr159.50*.

In industrials, ABB fell SFr14 to SFr1,667 in spite of encouraging noises at the annual general meeting of the Swiss/Swedish engineering combine. Sulzer lost SFr17 at SFr907, and Alusuisse SFr11 at SFr1,167.

Out of the major league, Esec, which makes assembly machines and assembly lines for the semiconductor industry, said that profits would fall because sales, although higher, had come in below target. The shares dropped SFr410 or 9.5 per cent to SFr3,890.

Finally, punters in the Swiss National Bank regretted Wednesday's stock market flurry on speculation attributed to a proposed revaluation of the bank's gold reserves. Up SFr275 at SFr1,100 a day earlier, the shares dropped SFr195 to SFr905.

FTSE Actuaries Share Indices

Apr 3	THE EUROPEAN SERIES							
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FTSE Eurotrack 100	2096.99	2091.46	2092.25	2091.96	2097.28	2097.05	2098.12	2095.44
FTSE Eurotrack 200	2127.49	2123.18	2125.62	2124.51	2129.94	2128.34	2126.15	2125.31

	Apr 2	Apr 1	Mar 27	Mar 26	Mar 25
FTSE Eurotrack 100	2117.29	2121.15	2168.81	2174.69	2140.51
FTSE Eurotrack 200	2143.36	2145.28	2204.96	2196.09	2164.28

Base value 1000 (26/10/90); High/day: 100 - 2097.74; 200 - 2131.32 Low/day: 100 - 2089.90 200 - 2121.62. † Partial.

MILAN was lower in lacklustre trading with the Mibtel real-time index closing 37 down at 11,609.

Olivetti fell L5.90 to L615 on profit-taking after news that France Telecom was to take a 49 per cent stake in Olivetti's Infostrada unit. One broker said that the deal was positive, but of limited impact over tba short-term.

Fiat and Pirelli suffered from the weak motor sentiment across Europe. Tha carmaker lost L72 to L5,150 and the *tyre giant shed L65* at L3,545.

COPENHAGEN was buffeted by the Dow's overnight losses, sell recommendations and downgrades, and Den Danske Banke's assertion that tha KFX index could fall by a further 5 to 10 per cent as a result of the latest Wall Street declines.

The KFX came in 4.07 or 2.7 per cent lower at 148.68, with the AP Moeller shipping and transport companies, D/S 1912 and D/S Svendborg, losing DKr6,681 at DKr181,319, and DKr10,264 at DKr263,736 respectively.

Sell recommendations from Credit Suisse hit Den Danske itself, DKr17 lower at DKr552, and Unidanmark, off DKr8 at DKr327. The Swiss bank *said its Danish* counterparts were overvalued relative to their earnings potential.

Meanwhile, Carlsberg was downgraded from market performer to underperformer by Goldman Sachs.

The US securities house said the brewer's forecast 8 to 9 per cent growth rate did not justify further multiple expansion beyond the then current estimated 1997 p/e of 20.7, a 50 per cent premium to the Danish market. The sbares fall DKr8 to DKr382.

Written and edited by William Cochrane and Jeffrey Brown

Relaxed banking rules leave Taipei 2% higher

ASIA PACIFIC

Hopes for an injection of fresh funds pushed **TAIPEI** sharply higher, lifting the weighted index 163.68 or 2 per cent to 8,367.57 in heavy turnover of T$47bn.

Taiwan's finance ministry relaxed the guidelines on bank sbereboldings; from July, banks will be able to hold 20 per cent of their net asset values in shares, up from 15 per cent at present. One snap broker calculation suggested this could draw an additional T$47bn into the stock market.

Financials and electronics surged on tha news. Taitung Business Bank gained T$2.4 to T$51.5. United Microelectronics rose the daily 7 per cent limit to T$57.5 and Acer, the compnter leader, gained T$1.5 to T$71.5.

TOKYO recovered further on an inflow from public pension funds and strong performances of blna chip exporters on tbe dollar's rally against the yen, *writes Gwen Robinson.*

The Nikkei 225 average rose 92.01 to 18,129.31 after moving between 17,973.30 and 18,182.42. Pension funds established on April 1, the beginning of Japan's new business, drove op blue chips and particularly high tech issues.

Further gains were capped, however, by caution over the direction of US stocks, currency movements and problems facing the domestic banking sector.

Volume rosa from 375m shares to an estimated 420m. Advances led declines by 530 to 518 with 196 unchanged, the Topix index of all first-section stocks rose 5.10 to 1,380.70 and the capital-weighted Nikkei 300 put on 1.17 at 266.36.

In London, the ISE/Nikkei 50 index closed 1.15 higher at 1,450.51.

Canon led blue chip issues, hitting a record higb of Y2,840 before ending at Y2,820, up Y70. Sony rose Y120 to Y8,780, NEC Y20 to Y1,460 and TDK by Y50 to Y8,800.

Banks were mixed, some suffering from concerns that the recent spate of mergers and restructuring plans in tha sector had only highlighted their difficulties.

Nippon Credit Bank fell for the seventh consecutive trading day, shedding Y18 to Y206 on fears that its sweeping restructuring plan might ba too ambitious; but it recovered from an earlier low of Y188 following a statement that it had no plans to reduce its capital.

Daiwa Bank fell Y19 to Y427 and Fuji Bank Y10 to Y1,420. Howaver, Sakura Bank recouped earlier losses to rise Y1 to Y705, while Industrial Bank of Japan added Y20 to Y1,260 and Tokyo-Mitsubishi Bank rose Y40 to Y1,930.

Securities bouses were the biggest losers. Nomura Securities, *facing* widening allegations of improper trading activities, slid Y30 to Y1,370 and Yamaichi Securities fell Y25 to Y345.

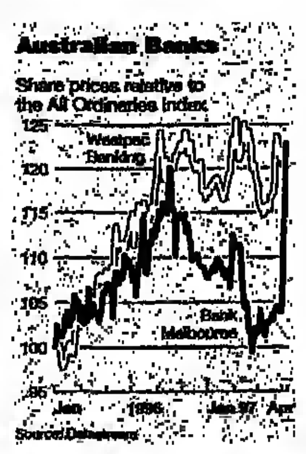
Retailers mostly managed to reverse the slide which followed Tuesday's sales tax increase from 3 per cent to 5 per cent. Ito-Yokado added Y170 to Y5,650 and Seven-Eleven Japan Y40 to Y7,640.

Real estate issues also gained, following losses earlier in the week on a negativs reaction to the government's new measures to revive the moribund property market. Mitsubishi Estate added Y50 to Y1,350 and Mitsui Fudosan Y40 to Y1,280.

In Osaka, the OSE average rose 149.86 to 19,272.54 to volume of 17.8m shares.

KUALA LUMPUR fell for the sixth day running to push the composite index to a near six-month low of 1,152.51, down 28.56.

Dealers said the market was reacting to margin calls and worries about a further round of official curbs on credit trading.



Sime Darby fell 80 cents to M$8.20 in 12.5m shares traded, the day's beaviest volume.

SYDNEY switched its attention from the Dow's travails to local corporate activity. C-C Amatil climbed 85 cents to A$12.80 on a merger with the Coca Cola bottling operations of San Miguel in the Philippines, and Bank of Melbourne ended 70 cents higher at A$9.50 after an agreed bid from Westpac Banking at A$9.75 a share.

The All Ordinaries index rose 5.8 to 2,361.0. Speculation about other regional bank takeovers lifted Adelaide Bank by 11 cents to A$4.36, and Bendigo Bank by 16 cents to A$4.01.

JAKARTA was hit by Wall Street backwash plus talk of political risk following rumours that President Suharto had suffered a mild stroke. The composite index ended off 9.256 or 1.4 per cent at 641.621.

Telkom fell Rp75 to Rp3,525; the shares' ADRs were sold overnight in what dealers said was an over-reaction to Suharto bealth scares by US investors.

BANGKOK reverted to profit-taking after Wednesday's rally, the SET index losing 10.63 or 1.5 per cent at 706.01 in moderate turnover of Bt4.1bn. Brokers said investors ware concerned about first quarter corporate earnings results, due to be released next month.

MANILA tracked the overnigbt falls on Wall Street, the composite index sliding 57.44 or 1.8 per cent to 3,104.77.

Equitable Banking made its debut, and managed to close at a premium. It ended at 117 pesos, against a flotation price of 113.30. In the pre-float grey market the stock had been changing hands at up to 125 pesos.

DHAKA dropped 7.1 per cent after a Bangladeshi court ordered the arrest of 36 brokers and company owners on charges of share price manipulation. The all-share index closed 87.46 lower at 1,138.46.

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The Indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the Indices.

NATIONAL AND REGIONAL MARKETS	WEDNESDAY APRIL 2 1997								TUESDAY APRIL 1 1997					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	52 week High	52 week Low	Year ago (approx)
Australia (76)	214.92	-0.1	193.78	166.32	186.63	182.20	0.2	4.17	215.14	193.71	167.33	186.76	181.75	225.77	188.44	200.58
Austria (24)	183.00	-0.4	164.98	141.61	158.91	166.87	-0.4	1.83	183.78	165.47	142.94	159.53	169.48	195.04	174.70	183.08
Belgium (26)	234.80	0.2	211.68	181.70	203.89	199.53	0.3	3.62	234.29	210.95	182.22	203.38	198.99	241.54	205.89	209.91
Brazil (30)	234.35	0.9	211.28	181.35	203.50	456.99	0.9	1.11	232.35	209.20	180.71	201.69	452.92	247.23	149.69	154.85
Canada (114)	184.37	-1.1	166.22	142.68	160.10	185.10	-1.2	2.10	186.47	167.89	145.02	161.86	187.43	203.31	154.12	159.23
Denmark (32)	362.57	0.0	326.87	280.58	314.84	314.09	0.1	1.59	362.86	326.53	282.08	314.81	313.78	376.98	291.89	298.78
Finland (28)	246.86	-2.5	222.11	190.65	213.93	259.20	-1.8	1.78	252.62	227.45	196.47	219.29	263.41	268.58	174.47	178.32
France (91)	216.48	-1.9	195.17	167.53	187.99	181.00	-1.8	2.80	220.56	198.59	171.54	191.46	184.45	226.25	186.94	196.18
Germany (59)	200.58	0.2	180.83	155.22	174.17	174.17	0.3	1.62	200.12	180.18	155.66	173.72	173.72	207.65	164.47	173.73
Hong Kong (66)	441.96	0.4	398.46	342.02	383.79	439.48	0.3	3.43	440.31	396.44	342.45	382.21	437.96	514.49	407.55	437.91
Indonesia (27)	226.64	-1.2	204.33	175.39	196.80	335.77	-0.8	1.59	229.50	206.63	178.49	199.22	337.75	-	-	-
Ireland (16)	325.98	0.5	293.89	252.26	283.07	290.61	0.7	3.27	324.22	291.92	252.17	281.44	288.54	343.35	284.44	266.47
Italy (59)	85.01	0.6	76.64	65.73	73.82	105.42	0.2	2.17	84.48	76.06	65.70	73.33	105.21	96.32	72.65	72.82
Japan (485)	115.03	1.5	100.71	89.02	99.89	89.02	1.0	0.88	113.30	102.01	88.12	98.35	88.12	164.66	109.18	154.68
Malaysia (107)	595.05	-1.1	536.47	460.49	516.72	568.99	-0.9	1.13	601.74	541.79	468.00	522.94	574.00	690.85	512.47	554.81
Mexico (27)	1331.39	0.2	1200.32	1030.31	1156.13	11520.20	0.1	1.17	1328.20	1195.88	1033.01	1152.98	11503.51	1445.88	1110.35	1208.20
Netherland (19)	337.56	-0.3	304.33	261.22	293.12	289.50	-0.2	2.67	338.44	304.72	263.22	293.78	290.12	357.18	279.88	289.22
New Zealand (14)	84.38	0.4	76.07	65.30	73.27	64.32	0.6	4.42	84.04	75.65	65.36	72.95	63.96	95.60	75.94	82.15
Norway (41)	294.59	-1.2	265.59	227.97	255.81	271.26	-0.2	2.26	298.08	268.39	231.83	258.75	271.81	321.23	238.82	238.64
Philippines (22)	194.21	0.2	175.09	150.29	168.65	255.22	0.2	0.68	193.91	174.59	150.81	168.32	254.78	-	-	-
Singapore (43)	393.00	1.6	354.31	304.13	341.27	260.76	1.7	1.09	386.82	348.28	300.85	335.78	256.48	449.15	371.28	436.13
South Africa (44)	354.56	0.5	319.67	274.39	307.90	342.74	0.5	2.45	352.98	317.80	274.52	306.39	340.99	381.77	301.49	379.10
Spain (35)	211.34	-0.3	190.54	163.55	183.52	226.41	-0.4	2.81	212.04	190.91	164.91	184.06	227.29	228.16	171.06	172.10
Sweden (48)	416.73	-1.5	375.70	322.49	361.87	470.21	-1.4	2.22	423.16	381.03	329.14	367.35	476.63	448.64	334.04	338.06
Switzerland (36)	253.97	-0.1	228.97	196.54	220.54	226.42	-0.3	1.44	254.18	228.86	197.69	220.64	227.16	262.41	229.36	250.31
Thailand (44)	84.84	7.1	76.49	65.65	73.67	85.40	7.1	3.66	79.20	71.31	61.60	68.75	79.75	187.79	73.98	183.97
United Kingdom (212)	278.50	-0.4	251.09	215.52	241.84	251.09	-0.2	3.91	278.53	251.88	217.40	242.64	251.88	285.30	228.65	230.40
USA (653)	304.25	-1.2	274.30	235.45	264.20	304.25	-1.2	1.98	308.06	277.36	239.59	267.41	308.06	331.54	254.79	267.27
Americas (824)	278.70	-1.2	251.26	215.67	242.01	234.70	-1.2	1.97	282.05	253.95	219.37	244.84	237.54	303.45	233.09	243.94
Europe (727)	241.67	-0.4	217.89	187.02	209.86	220.31	-0.4	2.83	242.75	218.56	188.80	210.72	221.17	248.97	204.71	206.14
Nordic (150)	361.81	-1.4	326.19	279.99	314.18	349.96	-1.0	2.06	366.92	330.37	285.37	318.51	353.62	385.85	286.64	290.18
Pacific Basin (884)	133.92	1.1	120.73	103.63	116.28	102.66	0.8	1.41	132.39	119.20	102.97	114.92	101.82	177.01	131.50	167.97
Euro-Pacific (1611)	176.85	0.2	161.24	138.40	155.30	147.08	0.1	2.20	178.40	160.62	138.75	154.86	146.88	191.51	178.79	184.60
North America (767)	298.95	-1.2	267.72	229.80	257.88	296.40	-1.2	1.99	300.65	270.70	233.83	260.98	300.10	323.68	248.65	260.58
Europe Ex. UK (515)	216.57	-0.5	195.25	167.59	188.06	186.96	-0.5	2.20	217.63	195.95	169.26	188.91	188.91	224.70	185.65	190.74
Pacific Ex. Japan (399)	293.12	0.1	264.26	226.83	254.53	253.97	0.3	2.81	292.81	263.64	227.73	254.18	253.91	320.65	258.97	291.17
World Ex. US (1826)	182.09	0.2	164.17	140.91	158.12	152.89	0.1	2.18	181.72	163.62	141.33	157.74	152.74	193.47	179.10	185.85
World Ex. UK (2267)	215.35	-0.5	194.15	166.65	187.00	190.75	-0.6	1.98	216.37	194.81	168.28	187.82	191.81	228.59	198.58	208.94
World Ex. Japan (1994)	274.87	-0.8	247.81	212.71	238.69	264.08	-0.6	2.32	277.18	249.57	215.58	240.61	266.22	292.72	233.10	242.07
The World Index (2478)	220.71	-0.5	198.99	170.80	181.66	196.21	-0.5	2.09	221.74	199.64	172.45	192.48	197.24	233.38	202.32	210.90

CONSTITUENT CHANGE 3/4/97: Name change Travelers/Aetna P&A to Travelers PPTY Casualty Corp (USA). Latest prices were unavailable for this edition.

Manifesto says amount will not be imposed by 'rigid formula'

Labour party to consult on rate of minimum wage

By John Kampfner and Nick Timmins

The main priority of the Labour party's manifesto, published yesterday, was to close off Labour's flanks from potential attack. A national minimum wage, the European social chapter and restoration of recognition rights for trades unions – the three areas in which the Conservatives believe Labour is vulnerable, are all couched in "reassuring" terms. The proposal to allow

The general election campaign

employees to have unions represent them, if a majority of the workforce votes for it, is presented under the heading "key elements of the 1980s trade union reforms to stay". It also promises "full consultation on the most effective means of implementing this proposal".

The minimum wage plan would be determined "not on the basis of a rigid formula but according to the economic circumstances of the time and with the advice of an independent low pay commission, whose membership will include representatives of employers, including small businesses, and employees".

On the European social chapter, the document says it cannot be used to force harmonisation of social security or tax legislation "and it does not cost jobs. We will use our participation to promote employability and flexibility, not high social costs".

Almost all the big battles over policy were won by Labour's modernisers a year ago, when Mr Tony Blair, the party leader, produced his party's statement of principles, *New Labour, New Life for Britain.*

Several areas have been developed since then, notably a commitment not to increase the basic or top rates of income tax. Other changes – all of which have been introduced piecemeal – include abandonment of a commitment to bring privatised rail companies back under state control, and a hardening of resistance to early entry into European monetary union.

Arguably the most telling sentence – which highlights both the strength and weakness of the Blair message – appears in the economic section: "It is what money is actually spent on that counts, more than how much money is spent".

The themes are well-rehearsed, starting out as "five pledges", that have been distributed at party meetings on credit card-sized pledges in recent months, through to Mr Blair's 10-point "contract" by which he says he would be judged.

Controversial policies have been discarded, where possible. Those that remain – such as a windfall tax on the excess profits of privatised utilities – are inserted almost by stealth, a small sentence amid a long passage on plans to reduce unemployment.

Labour also pledges an ambitious 20 per cent cut in carbon dioxide emissions by the year 2010. The party did not spell out how the target might be achieved.

● The Labour party's manifesto threatened a return to trade union militancy, Mr Michael Heseltine, deputy prime minister, warned yesterday. "The manifesto Tony Blair launched today is not a contract with the British people – it is a contract with the British trade unions," he said in London.

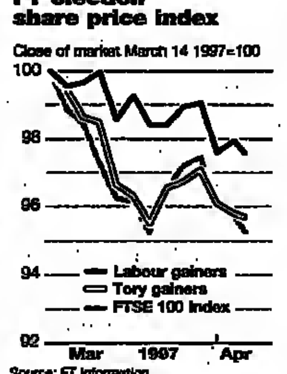
Philip Stephens, Page 12
Lex, Page 14

More news of the election campaign can be found at the Financial Times website http://www.FT.com

PA News

Line-up with the leader: at the launch of the Labour party manifesto are, from left, Jack Straw, shadow home secretary; Ann Taylor, shadow leader of the House of Commons; Tony Blair, party leader; Gordon Brown, shadow chancellor of the exchequer; John Prescott, the party's deputy leader; and behind Mr Prescott, Robin Cook, shadow foreign secretary

FT election share price index



Source: FT information

As the Labour party launched its manifesto, shares in the FT election share price index that might benefit from a Labour win dropped by 0.4 per cent on the day, compared with a 0.2 per cent fall in shares which might gain from a Conservative government. Since the beginning of the campaign, "Labour gainers" have dropped 2.5 per cent and "Conservative gainers" have dropped 4.4 per cent. The overall market has fallen 4.7 per cent.

'No return to the trade union law of the 70s'

Extracts from the Labour manifesto

Some things the Conservatives got right. We will not change them. It is where they got things wrong that we will make change . . . The Exchange Rate Mechanism as the cornerstone of economic policy, Europe, health, crime, schools, sleaze: the broken promises are strewn across the country's memory.

■ **Industry:** The old left would have sought state control of industry. The Conservative right is content to leave all to the market. We reject both approaches . . . In industrial relations, we make it clear that there will be no return to flying pickets, secondary action, strikes with no ballots or the trade union law of the 1970s. There has been a fundamental failure to tackle the underlying causes of inflation, of low growth and of unemployment. These are: too much economic instability, with wild swings from boom to bust; too little investment in education and skills, and in the application of new technologies; too few opportunities to find jobs, start new businesses or become self-employed; too narrow an industrial base. We will leave intact the main changes of the 1980s in industrial relations and enterprise. We see healthy profits as an essential motor of a dynamic market economy.

■ **Competition** As an early priority we will reform Britain's competition law . . . In the utility industries we will promote competition wherever possible. Where competition is not an effective discipline, for example in the water industry which has a poor environmental record and has in most cases been a tax-free zone, we will pursue tough, efficient regulation.

■ **Europe:** We support the Social Chapter of the EU but will deploy our influence in Europe to ensure that it develops so as to promote employability and competitiveness, not inflexibility. Our vision of Europe is of an alliance of independent nations choosing to co-operate to achieve the goals they cannot achieve alone. We oppose a European federal superstate . . . The Common Agricultural Policy is costly, vulnerable to fraud and not geared to environmental protection. Enlargement and the World Trade talks in 1999 will make reform even more essential. We will seek a thorough overhaul of the Common Fisheries Policy . . . [and] retention of the national veto over key matters of national interest.

■ **Single currency** The decision about Britain joining the single currency must be determined by a hard-headed assessment of Britain's economic interests. But there are formidable obstacles in the way of Britain being in the first wave of membership, if Emu takes place on 1 January 1999. What is essential for the success of Emu is genuine convergence among the economies that take part, without any fudging of the rules. However, to exclude British membership of Emu forever would be to destroy any influence we have . . . In any event, there are three pre-conditions which would have to be satisfied before Britain could join during the next Parliament: first, the Cabinet would have to agree; then Parliament; and finally the people would have to say Yes in a referendum.

■ **Developing countries** Labour believes that we have a clear moral responsibility to help combat global poverty. In government we will strengthen and restructure the British aid programme and bring development issues back into the mainstream of government decision-making. A cabinet minister will lead a new department of international development.

■ **Defence** A new Labour government will retain Trident. We will press for multilateral negotiations towards mutual, balanced and verifiable reductions in nuclear weapons. When satisfied with verified progress towards our goal of the global elimination of nuclear weapons, we will ensure that British nuclear weapons are included in multilateral negotiations. Labour will ban the import, export, transfer and manufacture of all forms of anti-personnel landmines. We will introduce an immediate moratorium on their use. Labour will not permit the sale of arms to regimes that might use them for internal repression or international aggression.

■ **Trade unions** Key elements of the 1980s trade union reforms are to stay . . . There must be minimum standards for the individual at work, including a minimum wage, within a flexible labour market. We need a sensible balance in industrial relations law; rights and duties go together. People should be free to join or not to join a union. Where they do decide to join, and where a majority of the relevant workforce vote in a ballot for the union to represent them, the union should be recognised. This promotes stable and orderly industrial relations. There will be full consultation on the most effective means of implementing this proposal.

■ **Devolution** The United Kingdom is a partnership enriched by distinct national identities and traditions. We will meet the demand for decentralisation of power to Scotland and Wales, once established in referendums. Subsidiarity is as sound a principle in Britain as it is in Europe. Our proposal is for devolution not federation. A sovereign Westminster Parliament will devolve power to Scotland and Wales. The Union will be strengthened and the threat of separatism removed. [England:] In time we will introduce legislation to allow the people, region by region, to decide in a referendum whether they want directly elected regional government.

■ **Immigration** Every country must have firm control over immigration . . . All applications, however, should be dealt with speedily and fairly. There are rightly criteria for those who want to enter this country to join husband or wife. We will ensure that these are properly enforced. We will, however, reform the system in current use to remove the arbitrary and unfair results that can follow from the existing "primary purpose" rule. There will be a streamlined system of appeals for visitors denied a visa.

■ **Northern Ireland** We will take effective measures to combat the terrorist threat . . . Labour recognises that the option of a united Ireland does not command the consent of the Unionist tradition, nor does the existing status of Northern Ireland command the consent of the Nationalist tradition. We are therefore committed to reconciliation between the two traditions and to a new political settlement which can command the support of both.

Eurotunnel proposes tighter rail safety

By Charles Batchelor, Transport Correspondent

Eurotunnel, the company which operates the Channel tunnel between England and France, yesterday unveiled plans to tighten its safety procedures in the wake of last November's fire. But it confirmed that it had no plans to enclose its controversial open lattice-sided freight shuttles.

Its proposals will require formal approval by the Anglo-French Channel tunnel safety authority, said Mr Patrick Ponsolle, Eurotunnel co-chairman, but the two sides had been in contact and the authority was not expected to raise objections when it reported in the next few weeks.

The authority said it was considering Eurotunnel's submission and had requested extra information. It said it could not give a date for formal approval.

The safety plans are included in Eurotunnel's internal report into the fire published yesterday. It acknowledged "avoidable delays" in responding to the fire because of some of its safety procedures' complexity and technical difficulties with communications.

It ruled out any failure of company equipment or procedures but left open the possibility that the fire had started accidentally on a truck or as a result of "a criminal act." One suggestion was that a flare was fired at the shuttle train.

"We don't think absolute safety is possible but we have learned lessons from this incident and have already implemented a number of important changes," said Mr Ponsolle. Mr Mike Fordham, assistant general secretary of the UK Fire Brigade Union, warned that a future, fatal fire was "an absolute certainty."

The safety proposals include stopping trains in the tunnel as soon as a fire is discovered and installing tunnel water sprinklers.

BUSINESSES FOR SALE

LEGAL NOTICES

INSOLVENCY ACT 1986
BONDHAY PLC
(IN ADMINISTRATIVE RECEIVERSHIP)

NOTICE IS HEREBY GIVEN pursuant to Section 48 of the Insolvency Act 1986 that a Meeting of the unsecured Creditors of the above named Company will be held at Quaker Meeting House, St James Street, Sheffield, S1 2EW on 17 April 1997 at 2.30pm, for the purposes mentioned in Section 48 and 49 of the said Act.

Creditors whose claims are wholly are not entitled to attend or be represented at the meeting. Other creditors are only entitled to vote if:-

a) they have given to the Joint Administrative Receivers, not later than 12.00 hours on the business day before the day on which the meeting is to be held, details in writing of the debts that they claim to be due to them from the Company, and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986, and

b) there has been lodged with the Joint Administrative Receivers any proxy which the creditor intends to be used on their behalf.

Dated April 1 1997

DAVID JOHN STOKES and EDWARD KLEMPKA
Joint Administrative Receivers

NOTE: Creditors of the Company requiring copies of the Joint Administrative Receivers report may obtain it free of charge on written application to the Joint Administrative Receivers at 1 East Parade, Sheffield S1 2ET

INTERGREY LIMITED In Liquidation

Offers are invited for the assets of a company which traded as manufacturers of reproduction stone slates. The assets include plant and equipment and stock appertaining to that business.

Applications in writing or by Fax only to M S Langley FCCA, FSPI, Liquidator Langley & Partners, Langley House, Park Road, East Finchley, London N2 8EX.
Tel: 0181 444 2000
Fax: 0181 444 3400

M & S PACKAGING (BLACKBURN) LIMITED

Registered Number: 3125583. Nature of business: Packaging. Trade Classification: 46. Administration Order made: 17th March 1997.

Joint Administrators: F.A. SIMMS & I.M. MUNN (Office holder nos: 06/2773/01 & 00/7859) both of F.A. Simms & Partners, PO Box 5, Lutterworth, Leics, LE17 4UF

COMMERCIAL PROPERTY

MANAGEMENT

John Kay

A rare privilege

Some factors, like land in Champagne, are intrinsically scarce, some are made scarce, some cease to be scarce

When Stanley Matthews retired from football there was still an agreemant between clubs to limit the earnings of players to not mucb more tban the national average weekly wage.

Successful athletes are fabulously wealthy today, you can buy unit trusts to invest in football, and Bernie Ecclestone has plans to float Formula 1 racing for a reported £2.5bn. What is going on?

Returns go where there is scarcity. Many people know thet you can match all but the finest champagnes with cbeaper aparkling wines from other parts of France or the new world. But the marketing efforts of the great cbampagne bouses of Reims and Epernay establisbed grand marques – sucb as Moët et Chandon and Veuve Cliquot – and associations whicb make champagne, even today, a drink for a very special occasion.

But whose were the profits whicb these achievements and that identification generated? At first, they accrued to the companies whicb bad created the legendary brands. But altbough tbe companies controlled tbe names of their houses, they did not control the name "champagne". That belonged to e Frencb department. The system of appellation contrôle ensured that only wine from that region could carry tbe name "champagne". There ls only a limited amount of wine-growing land in tbe Champagne region. The returns bubbled back to tbe scarce factor, and the value of Champagne vineyards now far exceeds that of land of equivalent quality on the wrong side of the border.

In the 1980s the growers tried to grab a larger share of the spoils. By selling directly to sbops and customers, they could bypass one element in the chain that was no longer scarce – tha distribution capability of the great cbampagne bouses. They could not get all the profits, because they did not have access to the great names. Bnt many obscure brands of entirely palatable cbampagne appeared in the supermarkets, and not everyone felt ashamed to celebrate with a aparkling bottle from J. Sainsbury or Tesco.

For a time, growers and champagne houses together tried to earn bigber returns than tha market would support. The premium sougbt for champagne became excessive and choked off demand, or left it in the bottle. Eventnally pricing became more realistic and the various parties agreed on a distribution which reflected the relative contributions of the two scarce fectors in the chain of production – the vignobles of the Champagne region and the mystique of the grand marques.

The spread of video recorders in the same period massively increased revenues from the sale of films. Who benefited from these increased revenues? Not, as people were first inclined to think, video distributors and video stores. Look at the lists of bankrupt companies of the past few years and you will find many failed ventures of video entrepreneurs. You need to look for the scarce factors, and there is no scarcity of premises from which to distribute video nasties and bad movies. The scarce factors were the names and the talent needad to create blockbusters.

The cost of making films rose in line with the rise in film revenues. The new money went to pay Arnold Schwarzenegger and to indulge Stephen Spielberg.

Some factors, lika the land in Champagne or the genius of a Spielberg, are intrinsically scarce. Some are made scarce, some cease to be scarce.

The history of broadcasting illustrates all these things. For almost all of the 20th century, broadcasting was dominated by the scarcity of spectrum on the airwaves. Governments allocated that scarce factor. Initially they allocated it to themselves, or their agencies, and most early transmissions came from public aector broadcasters. Later, they began to allocate it to privata companies. Lord Thompson of Fleet, one of the early franchisees, famously described what he had been given as a licence to print money. More recently, that scarcity of spectrum lost its importance as there came to be many new ways of sending electronic messages.

Corker: the scarcity of land puts a premium on 'real' champagne

So who benefited? Again, the rule is to look for scarcity. You saw the rising price of scarcity when the staff of Gardeners' Question Time migrated from BBC Radio to Classic FM. And you see it again when the price paid for the TV rights to famous movies, or the football league, is bid up.

But do not buy football teams indiscriminately. That is tha equivalent of setting up a video store to benefit from tha video boom, and is already burning fingers in just the same way. Search for the scarce factors – and yon find them in the truly great clubs, such as Manchester United, and the truly great players. The returns from the massiva increase in revennes associated with football will end up there.

So is Formula 1 motor racing worth its reported floatation tag of £2.5bn? Bernie Ecclestone is no doubt right when he reckons that competition in the sporting rights market will lead to a similar increase in what is spent on motor sport. But ask again where the scarce factors are. There are some drivers, like Michael Schumacher, with exceptional talents. There are some circuits – not many – whose glamour cannot be reproduced by either Melbourne or Adelaide – Monaco, perhaps Spa and Monza. Formula 1 needs them more they need Formula 1.

And scarcest of all are the great teams. You cannot have a Grand Prix without Ferrari, Williams, McLaren and Benetton. Sbell was willing to pay Schumacher's £16m salary to put its logo on the side of his Ferrari.

These teams are battling over shares of the television spoils and eventually they will win. And is Bernie Ecclestone scarce? Or is he just motor racing's equivalent of the champagne house, without the same cachet attaching to his name?

Family gathering: (from left) Conrad Black, Peter Munk, Dieter Bock

New members of the family

Canada's close-knit business clans may have to bring in outsiders, says Bernard Simon

Powarful families have for years dominated Canada's business landscape. The companies that carried their names were household words – Southam newspapers; Birks the retail jeweller; McCain potato chips; Molson beer; Bata shoes, and Richardson grain trading and securities.

The families remain e close-knit bunch, meeting at tha same clnbs, sending their children to the same private schools and spending their summers at cottages on the same lakes near Toronto and Montreal.

But many of the household names are either shadows of their former selves, or are no longer under the sway of their founding families.

Southam is now controlled by Conrad Black, who has stitched together e substantial newspaper business of his own. Birks has been bought by Italy's Borgosisia after filing for protection from its creditors.

Brothers Harrison and Wallace McCain have parted after a public feud over succession. Molson shares control of its beer business with Australia'e Foster's Brewing and Milwaukee-based Miller Brewing. Beta, once the world's biggest shoe company, is in turmoil.

The Toronto branch of the Bronfman family – cousins of the Bronfmans who control the Seagram drinks and entertainment empire – have ceded control of their once-sprewling industrial and financial services empire to a group of managers led by e South African-born accountant.

Olympia & York, the property developer owned by the Reichmann family, was pulled down in 1992 by its mammoth debts.

Ageing patriarchs heve woken up, in many cases belatedly, to the need for a smooth succession. Other families are being forced to confront intensifying competition with limited resources.

The upheaval and families' concern about the future is reflected in the expanding membership of the Canadian Association of Family Enterprise. The association, which has 800 members, tries to educate owners of family businesses on such increasingly pressing issues as succession planning, management buy-ins and mezzanine financing.

Gordon Sharwood, whose Toronto-based merchant bank helps families raise ontside capital, estimates that only about 15 per cent of family businesses either survive or remain in the family after the founder dies or retires. "Founders tend to be very egotistical, and it's very difficult for them to give up power," he says.

Bata is still searching for a new chief executive almost e year after the previous incumbent quit following e clash with Tom Bata, the octoganarien patriarch. Upheavals et Rogers Communications, Canada's biggest cable TV operator, are widely blamed on the management style of Ted Rogers, the group's founder and holder of 90 per cent of the voting shares.

Eatons, the 127-year-old department store chain, is one of the few businesses where the family has maintained control to the third generation and beyond. However, its problems are ascribed, at least in part, to a lack of fresh blood, and to a structure that gives four brothers an equal say.

The principle of primogeniture, where an oldest son gains an unchallenged grip on the business, is rare in North America. "We have a tradition of fairness that gets in the way of good management," Sharwood says.

About 325 family shareholders used to show up for the annual picnic of the Bentall group, a Vanconver-based property developer. Similarly, the McCain succession feud was complicated by the involvement of numerous family shareholders and directors.

One feature of successful family businesses has been the owner's [illegible] stand back and allow [illegible] sional managers to [illegible] show.

Peter Munk, the [illegible] ing and property [illegible] gives aenior [illegible] TrizecHahn, his [illegible] vebicle and Barrick [illegible] wide letitude. He [illegible] invited Dieter [illegible] European [illegible] to become [illegible] minority shareholder [illegible] TrizecHahn.

Lord Thomson of Fleet has installed e new chief executive and shuffled other senior managers at the expanding international publishing and travel group that bears his name. Neither Michael Brown, Thomson's retiring chief executive, nor his successor are members of the Thomson family.

Indeed, standing back may be the only option for many family-owned businesses, for the succession issue is further complicated by demographic trends. In earlier generations, 65-year-old fathers could typically pass on the baton to a tried and trusted 40 year-old child.

With the trend towards later marriage and child-rearing, there may be little choice in future but to bring in outside managers to run the business until the children are ready to take over – if that time ever arrives.

THE PROPERTY MARKET

Room for a revival

The pace of transactions is picking up across Taiwan, reports Laura Tyson

Teiwan's long-moribund property market is sbowing flickers of life, following a rally in the country's stock market and hopes for an economic recovery this year.

The property market has lagged wall behind the recovery in share prices, which have declined in recent days on fears of worsening Taiwan-China ties – but there is cause for optimism.

In recent months a few sites in Taipei auctioned by the government sold at prices exceeding axpectations, and both sale and rental prices are forecast to rise between 3 per cent and 8 per cent this year. This will be the first gain since 1990, when the market descended into its lengthy slump.

Mr David Pitcher, of Richard Ellis, a property consultancy, says: "The market was so flat for so long, so recent activity constitutes a boom. But you couldn't say prices are going up significantly although transactions are improving."

Reflecting auch hopes, listed property-related shares have ontperformed the index in share price gains this year.

But apart from luxury residential and top-quality office properties, a relatively small segment, oversupply continues to trouble the market. A meaningful recovery is unlikely to materialise for another year or two, analysts say.

In general, the pace of transactions acroes the island is picking up, but outside Taipei, the wealthiest area and the country's political, economic and cultural centre, property prices are expected to remain flat this year. Ms Sophie Chen of BZW Securities says the vacancy rate in secondary locations of middling quality remains quite high and will take another two years to digest.

There are an estimated 869,000 vacant residential units across the island. Annual construction is outpacing the increase in tha number of households, according to Mr Michael Wu of Colliers Jardine. The vacancy rate is as high as 18 per cent.

White-collar employment, the most critical factor in boosting demand for office space, has been flat in the past year. But liberalisation in the telecommunications industry and financial sector reform are expected to spur white-collar hiring – and hence demand for offices – later this year as new ventures are established.

Market liberalisation in many sectors has encouraged multinational companies to set up or expand operations in Taiwan.

In the second half of 1996, Silicon Graphics, the US software maker, Nokia, the Finnish telecoms concern, Leo Burnett, the US advertising company, end Cyanamid, the cbemical group – to name a few – have taken up prime office spece in Taipei. International Business Machines and Citibank both plan to expand offices.

Outside Taipei, UPS, the US courier, will set up e T$10bn (US$360m) cargo trans-shipment centre near the Chiang Kai-shek International Airport in northern Taoyuan county in a leased 4,842 sq m warehouse. Bayer, the German chemical manufacturer, plans to invest T$49bn to build a chemical plant on 72ha leased from the Taichung port authority.

The Taipei city government has designated a relatively undeveloped area in the city's aouth-eastern Hsinyi district to become a financial district, and many new buildings have gone up or are planned.

The commercial property sector is characterised by a proliferation of chain stores, especially convenience stores, with the number rising by 6,000 in 1996 to 20,800 outlets island-wide.

The number of shopping malls and hypermarkets is rising rapidly, changing buying patterns and slowly squeezing out smaller, often family-owned retail outlets in favour of bigger mass outlets.

One of the biggest malls under construction is a T$23.6bn project in downtown Taipei backed by the Core Pacific group and China Development, an investment arm of the ruling Nationalist party. It has received T$11bn in preferential funding from the economic planning ministry.

On the industrial side, transactions have been climbing in the past year largely driven by the high-technology sector, especially computer and peripherals equipment manufacturers. This should continue if the electronics sector recovers later this year and the government releases funds earmarked for infrastructure development.

Adding to supply, Acer, the personal computer maker, is investing T$126bn to develop a 90ha residential and manufacturing estate in Taoyuan county in northern Taiwan.

The time lag between recovery in the share and property markets, often closely linked, can be partly explained by the aftermath of the asset bubble which developed in the late 1980s. Property prices quadrupled over a few years and tha stock market's key index soared by more than 12,000 points in early 1990.

The stock market collapsed, falling to less than 3,000 points by October 1990 and bas moved fitfully upwards aince, but not remotely near its peak.

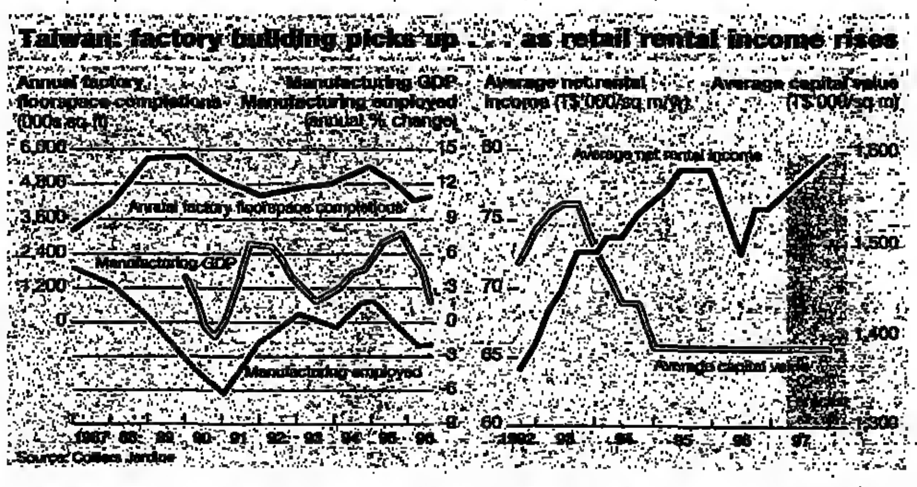
In contrast, the property market merely tapered off, gradually losing an average of 20 per cent to 30 per cent over many years, and it now appears to have bottomed out, analysts say.

Share prices have gained more than 70 per cent since March 1996, when political tensions with China and uncertainty surrounding the country's first democratic presidential elections stalled the economy and battered investor confidence.

Meanwhile, the economy too shows signs of recovery, and politics are much lower on the agenda than last year. But wages have been slow to catch up to property prices, which remain out of range of many people's incomes. In 1995 the government moved to aupport the residential market by offering preferential mortgage rates for first-time buyers.

For this reason the government does not wish to see rampant speculation develop in the property market, such as that seen in the late 1980s. It believes that, in the long run, an overheated property market is s political liability.

Taiwan: factory building picks up ... as retail rental income rises



Source: Colliers Jardine

ARTS

Rochester Festival

Bold and bawdy genius

The Earl of Rochester's explicit verse has never been equalled, says **Jackie Wullschlager**

I first encountered the Earl of Rochester, cavalier rake and wit, when one of his love poems was set for schoolgirl dissection in the Oxford entrance papers of 1979. We teenagers, who still giggled when reading Lawrence, were bemused; our teachers were vaguely shocked at the dons' risqué choice.

A decade earlier, Rochester wes brown-paper-cover erotica and scholarly editions were bowdlerised. Today, he is intellectually trendy: his hisexual openness ("I storm and I roar and I fall in e rage/And missing my lass, I hugger my page") suits our age. This month a festival of concerts and recitals celebrates the 350th anniversary of his birth on April Fool's Day 1647, and includes premieres of settings of his poems by John Joubert, Michael Berkeley and Paul Spicer.

His fans range from John Redwood MP and Mrs Graham Greene, to superintendent Nick Fisher of the Manchester Constabulary, festival organiser, whose colleagues quip that "my professional link with Rochester is that I used to work in Birmingham's vice squad".

A couple of years ago Rochester made it into Penguin Classics and there was e new biography. In 1994, *The Libertine*, a play about *his life, had a successful run* at the Royal Court.

Why does s 17th-century obscene poet matter to us? Fisher says "he is a voice thst speaks to us because he bares his soul nakedly". No time since Rochester's own has been eble to enjoy his bold language and sexual honesty as fully as we do – *not as pornographic* shockers (we are used to that now), hut as satirical, intimste renderings of human experience.

His subjects, even today, belong more to *Cosmopolitan* egony aunts than poets – premature ejaculation in his most famous poem, "The Imperfect Enjoyment", *female masturbation in the* pastoral comedy, "Fair Chloris in e Piggsty". To be et once funny and tender ahout that level of sexual detail is very difficult. Rigorous form, finely tuned nuances, s mind "bawdy in thought, precise in words" – as he described a court prostitute – these are essential to avoid embarrassment or bathos.

Rochester's genius was to fuse the metaphysical purity of his predecessors, such as John Donne, with the satirical discipline of the Restoration court into which he came of age, and so to produce explictt erotic verse which no one has equalled.

How did it sound read by Julie *(Listen with Mother)* Lang and Radio 4's Gabriel Woolf at the anniversary recital (April 1) at Adderbury House, Rochester's ancestral home near Banhury? Appropriate, because Rochester is an Establishment voice. Close to Charles II, haughty in taste, deploring the rise of the entrepreneurial class, "new upstarts, pimps, bastards, whores/That locust-like devour the land", he was reckless, cynical, licentious but aristocratically secure – Alan Clark is e modern parallel.

Rochester shared mistresses with the king, abducted e teenage heiress in a *coach and six, was sent* to the Tower, got out and married her. He was irresistibly charming, so whenever Charles banished him for his excesses – "outswilling Bacchus", stirring up murderous hrawls and, finally, asked to produce a witty verse, pulling from his pocket the wrong one and libelling the king ("His sceptre and his prick are of a length/And she plays with one may sway the other") – be always talked his way back to court.

That seductive, mellifluous voice ("Absent from thee I languish still", "Yet still I love thee without art/*Ancient person of my* heart") invites musical settings. Rochester's "wonderful ear" inspired Nick Fisher to organise the festival concerts. At the Sheldonian Theatre, Oxford, the Consort of Musicke with Emma Kirkhy and lutist Anthony Rooley performs e dozen Rochester songs extracted from rare contemporary collections unheard since the 17th century, along with John Jouhert's "Three Phases of Love", e new setting of three Rochester lyrics (April 25).

Another festival highlight is Joubert's "Best Glorious Man!", adapted from Rochester's "A Satire Against Mankind" ("I'd be a dog, a monkey or a bear/Or anything but that vain animal/Who is so proud of being Rational"). Along with contemporary settings hy Purcell, it is part of Oxford Pro Musica's service (April 30) commemorating Rochester's death-bed repentance, aged 33, at Spelshury Parish Church in Oxfordshire, where the poet is huried.

Johnson dismissed Rochester as having "blazed out his youth and health in lavish voluptuousness". Our century *identifies with him* rather as an atheist-hedonist who was running away from the futility of existence – the spoilt Puritan of Graham Greene's 1974 hiography, half despising his wild pleasures, desperate to find spiritual meaning. His Restoration society, brittle, sparkling, sophisticated, busy, *has* much in common with the 1990s. His lova songs, especially set to music, evoke dreams of a lost paradise in the midst of worldly confusion, and so strike a contemporary chord.

Rochester Festival information and tickets from Blackwell's Music Shop, Oxford. Tel. 01865 261384.

Relishing their roles: Gabrielle Draka (Mrs Erlynne), Rebecca Johnson (Lady Windermere), Richard Hansell (Lord Windermere) Douglas H Jeffery

Theatre

Sleaze, deceit and more sleaze

None of us is as innocent as we like to think, finds **Sarah Hemming**

With sleaze cozing all over the election campaign, Oscar Wilde's comedy comes as a *topical and refreshing blast* of commonsense. There is no one quite like Wilde for puncturing pompous self-righteousness, and in *Lady Windermere's Fan* be revels in portraying a society where even the most sanctimonious are np to no good and sleaze – or scandal, as it was known in those days – is all the rage.

There is not a character on stage who does not engage in some devious deceit and the only one who performs a selfless ect is Mrs Erlynne, the woman ousted by society as a wicked temptress.

The *form is melodrama*, hut Wilde takes the conventions – flight at midnight; secret liaisons; crucial letters burned; tearful *reunions – and bends them.* Despite the fact that the play is littered witb witticisms ("We are all in the gutter, but some of us are looking at the *stars" among them)* and despite his characters' protestations that moralising is dull, Wilde bas a serious moral point to make, bis basic thrust being that none of us are as innocent as we like to think.

Brabam Murray's handsome production, transferred from Manchester Royel Exchange to the West End, gets the play's message across forcefully. It is rather *slow and laborious to begin* with – perhaps on account of its transition from a circular stage to a proscenium arch – and some of the cast *tend to speak* Wilde's witticisms as if they were reading them off stone tablets, Simon Robson's mulish Lord Darlington among them. The *scene in Darlington's rooms*, when the men trade catty hanter, does not quite achieve that languorous self-satisfaction that paradoxically makes the position of the women concealed off stage seem all the more perilous.

But the production lightens up and gains speed with the gathering force of the play, and hy the final scene it manages to make you *agog to know* whether *Mrs* Erlynne will reveal ber identity to Lady Windermere, even if you know tbe answer.

Gabrielle Drake's Mrs Erlynne is gracefully witty and wicked, seeming to bathe the stage in sunshine whenever she is on it. *It is easy* to believe, *as* one character says, that she can make any man do whatever sbe wants; it is also easy to see that her insouciance and studied amorality have been adopted to protect ber from the pain of her own feelings. The one scene where she does not quite convince is the central episode in which her maternal instincts overcome her – sbe seems uncertatn whether to play her *lamentations sincerely* or melodramatically.

Rebecca Johnson is very good as Lady Windermere, the smug little "good *woman*" who *has* ber ayes opened; you see her mellow before you, while ber husband (Richard Hansell) remains a self-satisfied prig. *The rest of the cast relish* playing the shallow bypocrites that Wilde so excels in creating, none more than Rosalind Knight as the mercenary, scandal-mongering Duchess of Berwick, a viper in red velvet who, you feel, would pore over today's sleaze stories with ill concealed glee.

Haymarket Theatre Royal, London SW1 (0171-930-8800)

Sponsorship / **Antony Thorncroft**

Brewing up a top concert promotion

The biggest arts sponsor in the UK – Lloyds Bank – spends around £2m a year on a whole raft of events. Carlsberg, the hrewer, is spending more than that on just one concert, and will double its investment on promoting the event.

Carlsberg has bought into "Songs and Visions" at Wembley Stadium on August 16. This is the big pop occasion of the year, featuring Rod Stewart, Jon Bon Jovi, k.d. Lang, Seal, Steve Winwood and four more, as yet unsigned, artists, all singing the songs of the past 40 years, with giant screens conjuring up images of each year.

Carlsberg has been backing pop for 12 years but this is its biggest commitment yet. It is involved because the *televised show* will be *seen* in more than 60 overseas markets, and it has three months in which to merchandise the event *through competitions in* pubs and supermarkets... With little to choose between lagers, building sales through promoting a major event – *last year it backed* the European Cup Final – can be a cost-effective form of marketing sponsorship.

★

Somebody loves the public utilities – the arts world. The emergence of new privatised companies, pumping water and *providing electricity around* the country, provided a much needed fillip to arts sponsorship when traditional backers of the *arts* – the *oil and tobacco* companies and the banks – took a hreather during the recession.

The motives of the utilities might not always have been virgin white hut the results are starting to have an impact. Northumbrian Water is typical. It devoted £1m (increased to £1.75m) that it achieved from "efficiency" savings into the Kick Start Fund, to assist in regenerating the north east.

Work in the community has now heen widened to include the arts, with £150,000 found for the Wallsend Archaeological Park and the same sum for a recording studio at Hartlepool. The Hancock Museum, of natural history, has also collected £150,000. The Kick Start Fund expects some reciprocal money, which is where the Association for Business Sponsorship of the Arts plays a crucial role. It has huilt up all the projects with money from its Pairing Scheme.

Also in tha north east Northern Electric was a major backer *of the 1996 Year of* the Visual Arts, while Northern Ireland Electricity is involved in virtually every arts activity in the province.

The ntilities *favour* community arts projects rather than investing in new productions: the public relations pay off is greater. *This week PowerGen was* paying for arts workshops for children at Theatr Clwyd as compensation for building a power station at nearby *Connahs Quay*. It *is also* supporting a summer music school at the theatre.

Anglian Water has just started to help Music for *Youth, putting £5,000* (doubled under the Pairing Scheme) behind a free concert for 4-11 year olds in Norwich later this month, as *well as supporting the City* of London Sinfonia, while United Utilities also goes for music, backing the main orchestras in its region, the *Hallé and* tha Royal Liverpool Philharmonic.

And, of course, the biggest utility of them all, BT, runs Lloyds Bank close as the *biggest arts sponsor in the* UK, with a budget nudging £2m. It, too, looks for youth and community projects to support.

★

So impressed was the Halifax with its first big commitment to arts sponsorship last year, the financing of *Dracula*, s full length work for Northern Ballet Theatre, that it has plunged in headlong, guaranteeing the dance company around £1m up to 2000.

The money will enable artistic director Christopher Gable to produce and tour a new ballet every 18 months or so, with a re-worked *Giselle* appearing in the autumn, to be followed by *The Hunchback of Notre Dame*.

Although NBT quit Halifax for Leeds last summer the building society is impressed with its financial acuity, as well as its artistic talents. NBT has now paid off its £500,000 overdraft, *and with* sponsorship and local authority money, plus box office receipts that account for 45 per cent of income, its future looks fair.

★

Habitat has come up with a neat idea to help the Tate Gallery. It has introduced a *range of six new paints into* its 38 stores, each linked *to* a movement in modern art, like Abstract green and Minimal blue. For every pot *sold the Tate receives £1.*

Business has also made possible the first performance of opera at the Tate. A new work, *Hallisinia or Money Talks*, *based on* Hogarth's *Marriage à la Mode*, largely created by children from local schools, takes place on April 12 *(sponsored by EMI Group).*

★

Yamaichi, the Japanese securities house, is celebrating its centenary on *April 26* in *the traditional* Japanese way – by sponsoring a concert at the Royal Festival Hall. Japanese conductor, Seiji *Ozawa, is bringing over the* Saito Kinen Orchestra, composed of professional musicians who have been taught by the Japanese *Master, Hideo Saito.* Yamaichi will be inviting 200 guests and the venture will cost it around £25,000.

INTERNATIONAL ARTS GUIDE

■ BERLIN

EXHIBITION
Alte Nationalgalerie Tel: 49-30-209050
● Adolph Menzel (1815-1905): Between Romanticism and Impressionism: retrospective exhibition featuring 130 paintings, drawings, pastels and watercolours by Adolph Menzel, ona of the leading German artists in the second half of the 19th century; to May 11

OPERA
Deutsche Oper Berlin Tel: 49-30-3438401
● Eugena Onegin: by Tchaikovsky. Conducted by Jiri Kout, performed by the Deutsche Oper Berlin. Soloists include Ute Walther, Eva Johansson, Nadja Michael, Kaja Borris and Lucio Gallo; Apr 7

■ DUBLIN

EXHIBITION
Irish Museum of Modern Art Tel: 353-1-6718666
● Scream and Scream Again: group exhibition exploring the role of film in contemporary art. Featured artists include Sadie Benning, Douglas Gordon, Isaac Julien, Tony Oursler, Lisa Roberts and Marijke van Warmerdam; to Apr 18

■ GENOA

OPERA
Teatro Carlo Felice Tel: 39-10-589329
● La Cenerentola: by Rossini. *Conducted* by *Gianluigi Gelmetti*, performed by the Teatro Carlo Felice. Soloists include Monica Bacelli, Bruno Praticò and Roberto Scaltriti; *to* Apr 8

■ LONDON

CONCERT
Royal Festival Hall Tel: 44-171-9604242
● Bridge String Quartet: perform works by Haydn, Bridge and Schubert; Apr 7

DANCE
***Royal Opera House - Covent* Garden** Tel: 44-171-2129234
● Anastasia: choreographed by Kenneth MacMillan to music by Tchaikovsky and Matinu, performed by the Royal Ballet. Soloists include Leanne Benjamin and Elizabeth McGorian; Apr 7

EXHIBITION
Tate Gallery Tel: 44-171-8878000
● *Turner's Watercolour* Explorations 1810-1842: display of Turner's watercolours selected from the Colour Beginnings collection; a group of 390 pieces, some highly abstract and many, unbil now, unidentified. Most of the works are studies, sketches or explorations of effects; to Jun 8

THEATRE
The Old Vic Theatre Tal: 44-171-9287616
● Waste: by Granville-Barkar. Directed by Peter Hall. The cast includes Felicity Kendal and Michael Pennington; Apr 8

■ LUXEMBOURG

EXHIBITION
Musée National d'Histoire et d'Art Tal: 352-4793301
● Cecil Beaton. Portraits d'un esthète De Marlene Dietrich à Mick Jagger: display of 160 original prints by the photographer whose portrait work was often occupied by fashion, style, beauty and glamour. Subjects include Marlena Dietrich and Greta Garbo; to May 11

■ MADRID

EXHIBITION
***Ex-MEAC - Museo Español de* Arte Contemporaneo** Tel: 34-1-5492453
● Artistas Pintados. Retratos de Pintores y Escultores del Siglo XIX en las Colecciones del Prado: display of 62 works from the 19th century, the majority coming from tha museum's own collection. Artists featured include Madrazo, Esquivel and Sorolla; to Apr 16

■ MILAN

CONCERT
Teatro alla Scala di Milano Tel: 39-2-88791
● Margaret Price: performance by the soprano accompanied by pianist Thomas Dewey. The programme includes works by R. Strauss and Wolf; Apr 7

■ NEW YORK

CONCERT
Alice Tully Hall Tel: 1-212-875-5050
● Bo Skovhus and Warren Jones: the baritone and the pianist perform works by Haydn, *Schubert, Lange-Muller and* Strauss; Apr 6
The Walter Reade Theater Tel: 1-212-875-5600
● Da Camera of Houston: with conductor Sarah Rothenberg, mezzo-soprano Katherine Ciesinski and violinist Rolf Schutte perform works by Beethoven, Schönberg, Mahler, Schumann, Wagner and Pfitzer; Apr 7

EXHIBITION
MOMA - Museum of Modern Art, New York Tel: 1-212-708-9400
● *De Kooning in the Eighties: the* paintings made during the 1980s by American artist Willem de Kooning constitute e largely unknown chapter in his career. This exhibition contains approximately 40 paintings made between 1981 and 1987, few of which have been seen by the general or even specialised art public; to Apr 29

■ NICE

EXHIBITION
Musée d'Art Moderne et d'Art Contemporain Tal: 33-4-93 62 81 62
● Man Ray: retrospective exhibition featuring a selection of mora than 200 works by the American photographer; to Jun 9

■ PARIS

DANCE
Théâtre National de l'Opéra - Opéra Garnier Tel: 33-1 42 66 50 22
● Students of the l'Ecole de Danse de l'Opéra National de *Paris: perform "Dessins pour Six"* to music by Tchaikovksy, choreographed by Taras, "Firebird" to music by Stravinsky, choreographed by Lacotte (after Fokine) and *"Western Symphony"* to music by Kay, choreographed by Balanchine; Apr 7, 8

EXHIBITION
Musée Picasso Tel: 33-1 42 71 70 84
● Picasso, Les Sources Photographiques: 1900-1928: the third of a cycle of exhibitions illustrating the influence of *photography* on *Picasso's work*, covering tha painter's Cubist and Surrealist periods. A number of paintings and graphic works are on display, including "La Famille Soler" (1903) and "La Baigneuse au Ballon" (1929); to Jun 9

■ THE HAGUE

CONCERT
Dr Anton Philipszaal Tel: 31-70-3607927
● Frank Peter Zimmermann and Louis Lortie: the violinist and the pianist perform works by Brahms, Schumann and Webern. Part of the Brahms Festival '97; Apr 8

■ THESSALONIKI

EXHIBITION
Thessaloniki Cultural Capital '97 Tel: 30-31-867860-6
● Exhibition of the Velimezi Collection: exhibition of Byzantine Icons from the 15th, 16th, 17th and 18th centuries, on display for the first time after restoration in the workshops of tha Benaki Museum. The exhibition takes place at the Museum of Byzantine Culture; to Apr 15

■ VENICE

EXHIBITION
Palazzo Grassi Tel: 39-41-5231680
● Dalle Fiandre a Paesi Bassi l'antica storia dell'arte moderna: exhibition of Dutch and Belgian art of the 20th century, featuring 150 works. Artists represented include van Gogh, Ensor, Magritte, Delvaux, van Dongen, Sluyters and Appel; to Jul 13

■ ZURICH

CONCERT
Tonhalle Tel: 41-1-2063434
● Tonhalle-Orchester: with conductor Kurt Sanderling perform works by Mozart and Bruckner; to Apr 11

Listing selected and edited by ArtBase The International Arts Database, Amsterdam, The Netherlands. **Tel: 31 20 664 6441. E-mail: artbase@pi.net**

WORLD SERVICE

BBC for Europe can be received in western Europe on medium wave 648 kHZ (463m)

EUROPEAN CABLE AND SATELLITE BUSINESS TV

(Central European Time)

MONDAY TO FRIDAY

NBC/Super Channel:

07.00
FT Business Morning

10.00
European Money Wheel
Nonstop live coverage until 15.00 of European business and the financial markets

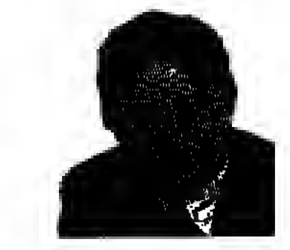
17.30
Financial Times Business Tonight

CNBC:

08.30
Squawk Box

10.00
European Money Wheel

18.00
Financial Times Business Tonight



Philip Stephens

Shorn of surprises

The strictly limited nature of Labour's manifesto reflects the scale of change Mr Blair has made in the party

Tony Blair's position vis-a-vis New Labour is much as Margaret Thatcher's was to the Conservatives in 1979. Then, as now, the important question in British politics was the extent to which the undisputed leader of a party in opposition could similarly command it in government.

Looking back over the Thatcher era, there is a temptation to view her eventual ascendancy as preordained. Her manifesto for the 1979 general election (whicb Mr Blair much edmires for its political tradecraft) set ont the principles for a new Conservatism. The intended break with post-war consensus was there for all to see. Her economics came from Milton Friedman, her unforgiving individualism from Friedrich Hayek.

But the path was not as smooth as it now looks. Her first cabinet was drawn largely from the old Heathite guard. These Tory grandees assumed her radicalism in opposition would give way to *their realism in* government. When sbe acted otherwise there was a serious prospect of a coup.

It was not until the eutumn of 1981, and after more than one bumiliating defeat in cabinet over economic policy, that she was strong enough to sack or sideline cabinet enemies like Ian Gilmour, Jim Prior and Peter Walker. Even then, her grip on the premiership depended in large degree on Labour's self-destructive flight to the wilder sbores of socialism.

Watching Mr Blair at the leunch yesterdey of New Labour's election manifesto it was impossible to miss the parallels. He is as confident, as self-assured, as she ever was. Presenting a document consciously shorn of any surprises, be alternated between determined leader and passionate preacher. His political currency is the coinage of principles and values rather than promises and precision. In Mr Blair's politics, detail counts for nothing against direction.

The manifesto itself will make little difference between now and May 1. If, as most suppose, John Major loses the election, it will not be because voters have drunk deep at the well of New Labour's policy pronouncements.

The document, as glossy and multicoloured as John Major's, though somewhat shorter, is there to remind them Mr Blair has made his party safe for government. But, privately at least, he will sdmit the mood of the nation is one of deep disenchantment with the government rather than enthusiasm for the opposition.

Mr Blair makes a virtue of the strictly limited nature of New Lebour's pledges. Trust is his favourite word. I gave up counting after he had repeated the word a dozen times. The Conservetives had destroyed public trust by breaking their pledges on tax. He would *restore it by promising only* what be was certain be could deliver.

It is an approach which produces a certain frustration among his medie inquisitors. Sometimes they are thwarted by his refusal not to commit more public money to education or to other causes close to New Labour's beart. Why is he so damn timid? Then they highlight the inconsistencies (and there are some) between e pledge to live within the Conservatives' spending ceilings and plans, say, to invest billions in getting the unemployed back to work. Is he too cautious or too ambitious?

> The document, as glossy and multicoloured as John Major's, is there to remind them Mr Blair has made his party safe for government

Mr Blair relishes the confusion. New *Labour*, be replies, would simply bring a different set of values to Whitehall. The government raises and spends more tban £300bn a year. It must be possible within such constraints to set different priorities. And yes, be would reform the welfare state, but he is unabashed about edmitting the shape of change would have to await his entry to government.

His talent lies in e capacity to sound et once radical and reassuring. He coined a phrase for it et the manifesto launch. He would govern from the "radical centre". No one quite understood what he meant. *But we all wrote it down.*

As for the few areas in which be has announced specific spending switches, these have relevance only as emblems for the electorate. They concern the small change of the public financea. The amounts involved represent a tiny fraction of the normal, cyclical swings in the Treasury's finances and the year-by-year allocations from its contingency reserve.

And yet it is this calculated sobriety which makes Mr Blair's manifesto the most significant since 1979. Its very caution defines the scale of the change which he has wrought in his party during the past three years. Above thet, it sets the parameters for New Labour in power.

Mr Blair intends to govern within them. His incrementalism is borrowed from President Bill Clinton in the US. But he has no intention of making the mistake that Mr Clinton made in 1992 – of campaigning as a New Democrat and then proceeding to govern – at least initially – as an Old one. New Labour is for keeps. Mr Blair means it.

So do a handful of others like Gordon Brown, the shadow chancellor. Scanning the expressions of some shadow cabinet colleagues, however, one could not help feeling they are in for a rude shock. As Mr Blair hammered the final nails into the coffin of past socialist dreams John Prescott, the depnty leader, struggled to smile. Robin Cook, the shadow foreign secretary, gazed into an imagined middle distance.

Just as in 1979 few really understood how far, and bow fast, Mrs Thatcber intended to travel, so many in Mr Blair's party have even now failed to grasp that he intends to practise what he preaches. It will be different when we have won, is a phrase whispered often in the shadow cabinet – and among the trade union leaders wbo have taken a vow of silence for the duration of the election campaign. These are Mr Blair's grandees.

The leader believes be has already outflanked them. Politics, he has a habit of saying, is ebout bow you respond to pressure. His overhaul of the party's constitution and the dilution of the power of the unions has been calculated to blunt the point of pressure on previous Labour leaders. Nor does he intend to ease up on the process of reform.

Mr Blair would be foolish, though, to underestimate the potential for opposition within a New Labour cabinet. Events, as Mrs Thatcher discovered, have a nasty habit of conspiring with one's enemies. Life in Mr Blair's Downing Street will get very rough. But then, like her, he is a win or lose politician.

Insurers must face problem of airline victim compensation

From Mr Philip Chrystal.

Sir, The sub-title "Airlines are urged not to abandon limits on compensation for victims" – of your article headed "Insurers warn on disaster payouts" (March 26) conveys the impression that the aviation insurance market is decidedly opposed to change.

Lest there be any ambiguity about our position as a leading reinsurer, it is not the prerogative of the insurance market and its reinsurers to decide whether airlines are entitled to waive the arbitrary liability limits whose *raison d'être* was superseded when jets replaced piston-engined aircraft.

Almost everything is insurabls provided the premium is adequate, and if the aviation insurance market is unable to price its product due to excess capacity or its inability to measure heightened exposure and re-rate its product accordingly, then it remains solely the problem of the insurers and their reinsurers.

Better the insurance market concentrates on and addresses its own failings rather than become embroiled in the rather tiresome debate about whether airlines should waive passenger liability limits in order to satisfy contemporary consumer expectations in the late 1990s.

Philip Chrystal,
underwriter and legal counsel,
aviation department,
Swiss Reinsurance Company,
Mythenquai 50/60,
Zurich, Switzerland

Buffett's inefficient fit with a market theory

From Mr Richard Simmons.

Sir, Anant Sundaram (Letters, March 27) gives three reasons why Warren Buffett's investment record is consistent with efficient markets theory. None stands up to inspection:

● Far from changing investor perceptions Buffett often buys stakes in companies that everyone recognises are great franchises (Coca-Cola, American Express) but which are temporarily undervalued. It is their long-term ability to generate cash that boosts market value not Buffett's actions.

● While he does have significant minority positions in these companies and a small number of directorships Buffett does not exercise control. Indeed in a number of cases (Wells Fargo, American Express) he has entered into agreements with boards which limit his ability to appoint directors. However, even if be were influencing policy to maximise shareholder returns, this would scarcely diminish his example as a successful investor.

● The argument that he is a one-in-a-million phenomenon and his success is down to luck is the most ludicrous. In e speech many years ago Buffett showed that each money manger who had been taught by his own mentors Graham and Dodd had achieved returns far in excess of the Standard & Poor's index.

As Buffett himself has said, though it has been the presence in the stock market of enough investors foolishly under the eway of efficient markets theory that has given him the opportunity to buy securities well under their true value.

Richard Simmons,
91 Oldhams Walk,
London WC2H 9SE

Democracy, not theocracy, in Scotland

From Mr Kenny Bell.

Sir, Your editorial "Faith and power" (March 29/30), makes the extraordinary assertion that Scotland is a theocracy and the Queen is head of the Church (or Kirk, in this case).

In the 1930s, following centuries of often violent and schismatic resistance to lay patronage, the right of members of the Church of Scotland to elect their ministers and representatives to its governing body – the general assembly – was finally enshrined in UK law. The Queen may send her representative to the assembly, but the moderator, elected annually by the members of the assembly, is the head of the Church. The Kirk exists in a kind of bubble, outwith the authority of the head of state, but enjoying recognition by and protection from the state: another of our many and colourful constitutional anomalies.

Some of your readers may note the curious similarities between the Kirk system and e political set-up known as "democracy".

Kenny Bell
Apdo 836-1007,
Centro Colon,
San Jose,
Costa Rica

Non-runner

From Mr Steven T. Branca.

Sir, The item ebout the failure of American racehorse Cigar to breed ("Expensive Cigar", March 26) simply confirms Freud's famous maxim; "Sometimes a cigar is just a cigar."

Steven T. Branca,
City of Phoenix,
200 West Washington Street,
Phoenix,
Arizona 85003, US

Labour tax proposal would hit UK pension funding

From Mr Alastair Ross Goobey.

Sir, It is widely reported (and believed) that the Labour party, having ruled out changes to income tax rates, is proposing to reduce the credit for corporation tax paid to non-taxpaying recipients of dividends, such as pension funds.

This seemingly victimless tax increase would be seriously ill-advised for two reasons.

First, the introduction this month of the minimum funding requirement under the Pensions Act will force schemes to address any funding weaknesses immediately, rather than allow them to be corrected over 20 or more years.

A removal of advance corporation tax relief will have the effect of reducing the gross yield on equities from the current 3.7 per cent to 2.96 per cent; actuaries will immediately factor in this long-term fall in gross income for pension funds on about half their assets, and schemes that had thought themselves adequately funded will find instead that they are either below the 100 per cent MFR requirement or uncomfortably close to it.

Although the Pensions Act requirements to make good any such deficits do not come fully into effect until 2007, most scheme trustees will wish to make an early edjustment to their position. This will require either e large lump sum infusion or an increase in employers' contributions (offsettable against corporation tax).

When this government (wrongly in my view) reduced ACT relief by 5 percentage points in 1993, the BT Pension Scheme, which we manage, received a lump sum payment of more than £1bn from our sponsor company over two years to make good a valuation shortfall, a significant portion of which was caused by the ACT change.

Not many companies are able to produce large lump sums of this order, and all companies will feel the cash-flow effects of increased contributions. The net effect on corporate tax revenues may be negligible as e consequence.

The second effect such e change would make is in the relative attractiveness of equities vis-a-vis other asset classes. The yield rate which you regularly publish on the back page of the second section, and which has proved as good a guide to equity markets as any over the past 20 years, would move from 2.10 to 2.60, a level which has been dangerous territory for equities in the past.

It would be ironic if a thoughtless act of a new government would be to undermine the first attempt to break the pension promise with assets, and move the balance still further against the funded pension schemes with which Britain has secured its workers' futures so much better than most of its trading partners.

Alastair Ross Goobey,
chief executive,
Hermes Pensions Management,
Standon House,
21 Mansell Street,
London E1 8AA, UK

Europa • Karl-Heinz Kamp

The broader perspective

The cost of enlarging Nato into eastern Europe is not the most important issue

Perhaps one of the most snrprising aspects of the debate over Neto enlargement is bow little has been said about the cost. Much time has been devoted to discussing the criteria for deciding whicb countries from eastern and central Europe should be allowed to join the alliance. But with the final decisions due to be taken at the Madrid summit in July, the cost has only recently been raised as issue.

Even now there have been no cost estimates from Nato, or from any European partners in the alliance – at least not publicly. The first analyses to be published have come from the US.

According to the Congressional Budget Office, enlarging Nato to include the four Visegrad countries – Poland, Hungary, the Czech Republic and Slovakia – would cost between $60bn and $124bn over 15 years (depending on the assumptions). The European allies would have to pey between $14bn and $54bn of these totals, and Nato's new members would have to contribute between $42bn and $52bn.

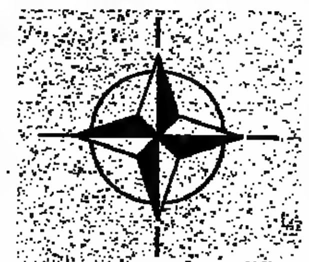
The Rand Corporation, the Californian think-tank, has come up with smaller estimates. According to its calculations, Nato enlargement would carry e price tag of about $42bn, $8bn of which should come from the new member states.

Bnt whether the cost is $42bn or $124bn, the question is whether it can be financed. One thing seems clear: there is not the slightest chance of an increase in the defence budgets of any of the large Neto members. On the contrary, more and painful cuts are looming on the horizon as governments struggle to cut their deficits.

Making cuts to Nato's central bndgets to finance enlargement is hardly an option. Alliance bndgets such as the common infrastrnctnre progremme (known as the Security Investment Programme) are already modest in scale and are earmarked for agreed measures.

Nor can those countries that are likely to join Nato be expected to bear the brunt of the estimated burden. The annual defence budget of the Czech Republic is just $1.1bn, while Hungary has only $800m to spend eacb year on its entire defence needs.

In the light of these seemingly unsurmountable financial hurdles some observers are now calling for Nato enlargement to be postponed. But this cannot be the answer when the process of enlargement is so advanced. Postponement would mean e loss of credibility for Nato – not only with the candidate members from central and eastern Europe, but also with Russia, which has been persuaded at some cost to concede enlargement.



> Nato members are likely to ask: 'How much will enlargement cost and what can the candidate members contribute?'

It is also worth noting that calculations by the candidate countries suggest the cost of enlargement is much lower than the US estimates. A recently published Polish study argues that the cost of admitting Poland could be partially covered by funds already allocated for the modernisation of its armed forces.

And this view finds a lot of support in the US Defence Department. A new Pentagon study argues that adding eastern European countries to Nato will be much cheaper than expected.

All this shows the fundamental difficulties in estimating ths costs of enlargement. On ths one hand, substantial differences between the various estimates reflect differing models and assumptions on future threats.

On the other the US analyses, in particular, tend to view the cost question too much from the demand side. They ask: "What will it cost to enable the applicant countries to face a particular threat?"

Analytically sound though this approach is, it does not reflect the political realities facing Nato members. They are likely to judge the cost question more from the supply side: "How much will enlargement cost and what can the candidate members contribute?"

It can be taken for granted that the financial input of the "old" Nato members will be well below the figures in most of the published cost estimates. They will be unlikely to agree to more than a marginal increase in their contributions.

This is even more likely since – to avoid confrontation with *Russia – there will* be no expensive deployment of Nato forces on the territories of the new members. Much more likely are low-cost measures such as the transfer of surplus defence equipment to central and eastern Europe which has already begun.

The consequence of this is that the military integration of the new members will be a very gradual and protracted process. But in security terms such an approach seems fully justified in the ebsence of an immediate threet thet requires Neto military involvement in central and eastern Europe. If there were a fundamental change of the present strategic landscape, the question of financial support for a more rapid absorption of Nato's new members would certainly require a fresh look.

Thus the costs of Nato enlargement are a political question. Cost estimates are useful as long as they are seen in their political context. But they have little role to play in the debate over the pros and cons of enlargement.

The author is head of the foreign and security policy section at the Konrad Adenauer Foundation, the German public policy institute

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700

Friday April 4 1997

Middle East anger

The Middle East peace process is teetering over an abyss again. Israel's decision to build homes for 30,000 Jews on a site in Arab east Jerusalem has united the fractious Arab and Islamic nations against it. The Arab League this week threw into reverse the building of diplomatic and trade links. In the West Bank, clashes between Palestinian protesters and Israeli troops are getting uglier.

Arab governments have lost confidence in the peace process. They are themselves under varying degrees of challenge from Islamic revivalists, and every Israeli step back from peace undermines them. Mr Benjamin Netanyahu, Israel's prime minister, has reneged on the principle driving the peace process – the trading of Arab land conquered in the 1967 Arab-Israeli war for peace and Israel's right to live in security.

The US – key external sponsor of the peace process – has been of little help. Washington has twice vetoed UN Security Council Resolutions calling for a halt to the east Jerusalem land-grab. But nobody else can mediate. The US must now take action to retrieve the peace process before it collapses.

President Bill Clinton meets Mr Netanyahu in Washington on Monday. As Israel's unconditional ally, he should make clear to him the risks of Israel's present policies. There is talk of a prolonged negotiation between Israel and the Palestinians, of the kind that produced the Camp David accords with Egypt. This picks up on Mr Netanyahu's proposal to bypass the "interim" stages of the Oslo agreements with the Palestinians on self-rule in the West Bank and Gaza, and move to "final status" negotiations on borders, settlements, Palestinian refugees, and Jerusalem.

Such an approach would only work if Israel agreed to stay inside the original Oslo framework. This foresaw Palestinian self-rule in most of the West Bank by the time these difficult compromises had to be worked out, and assumed that neither side would seek to pre-empt the ultimate outcome.

The problem is that Mr Netanyahu has taken several pre-emptive steps, above all on Jerusalem. If US arbitration is to succeed, Washington must demand these measures be frozen. That means a suspension of work on the new colony in east Jerusalem, a freeze on new Jewish settlements, and Israeli withdrawals from the West Bank on the agreed timetable. Israel must be guaranteed full Palestinian security co-operation against terror attacks. But without a broader political understanding, it is hard to see how Palestinian leader Yassir Arafat can keep negotiating against the wishes of his people.

Kohl again

In inimitable style, Helmut Kohl has wrong-footed foes and friends who hoped or feared he would step down next year from the German chancellery. In a fireside chat on his 67th birthday, delivered at the Austrian spa where he is undergoing his annual slimming ritual, Germany's longest-serving postwar leader confirmed that he plans to run again for office in 1998.

It may yet be a decision he will regret: next year's election will be no pushover. With unemployment running at almost 4.7m, and his government struggling urgently to cut its spending to meet the budget deficit criterion for the European single currency, his platform is unlikely to be popular. He will be hoping instead that his sheer familiarity, his reassuring ordinariness, and his reputation as the chancellor who delivered German unification, will pull in the voters.

In spite of more than 14 years in office, Mr Kohl is conscious that he still has a lot of unfinished business to see through. Top of the list are his great European projects – the single currency, and enlargement of the European Union and Nato to the east – on which he has set his heart. He sees them both as the essential counterparts of German unification, binding his country into the heart of an integrated Europe.

On the home front, the challenges are less epoch-making, but scarcely less daunting: he has to put the German economy through the same sort of slimming ritual he suffers each year. That means radical tax and welfare reforms, and an overhaul of the pension system. To accomplish them will require firm leadership, something missing in recent months.

Perhaps he would have been well-advised to quit and hand the task to a younger man. He is already in the history books as the unification chancellor. There is a real danger he will now outstay his welcome. If his policies are right, then they can and probably should be left to a successor to deliver.

Mr Kohl's weakness is that he has not allowed any such person to flourish in his shadow. He is forced to run again precisely because there is no obvious alternative. His good fortune is that the opposition Social Democrats are divided in their search for a candidate to put up against him.

Having chosen to stay, the chancellor must now push through his domestic agenda. On the European front, he is determined to ensure that the single currency happens. The irony is that if it does, there will be no more need for Mr Kohl. If it has to be delayed, by contrast, the chancellor's steady hand on the tiller could again be indispensable.

Bolivia's debt

Bolivia was once almost a caricature Latin American republic, a watchword for political and economic instability. It suffered repeated military coups, frequent changes in government and hyperinflation, which in 1985 reached 23,000 per cent.

Since then, however, the caricature has become less and less apt. Bolivia's more than 7m people are still the poorest in the western hemisphere after Haiti, but democracy has fashioned something hopeful from despair. Now foreign governments can further that hope by backing a deep reduction in Bolivia's still heavy foreign debt burden.

The first stage of the Bolivian economic reform programme cut inflation to single digits and produced an average growth rate of about 4 per cent a year between 1989 and 1996 – good, but not enough to make a significant dent in poverty.

Now a second generation of reforms has been put in place over the past three years by the government of President Gonzalo Sanchez de Losada, the architect of the 1985 stabilisation plan.

In the face of strong political opposition, the government has transferred all the country's public enterprises – responsible for an eighth of economic activity – into the hands of private companies.

These operators, mostly from abroad, have taken a 50 per cent equity stake in the businesses and committed significant sums in new investment. Shares in the remaining 50 per cent are to be distributed into individual retirement accounts held by all adult Bolivians. This exercise in popular capitalism, in a country where only one person in 20 has a bank account, is now viewed as a potential model for other countries to follow.

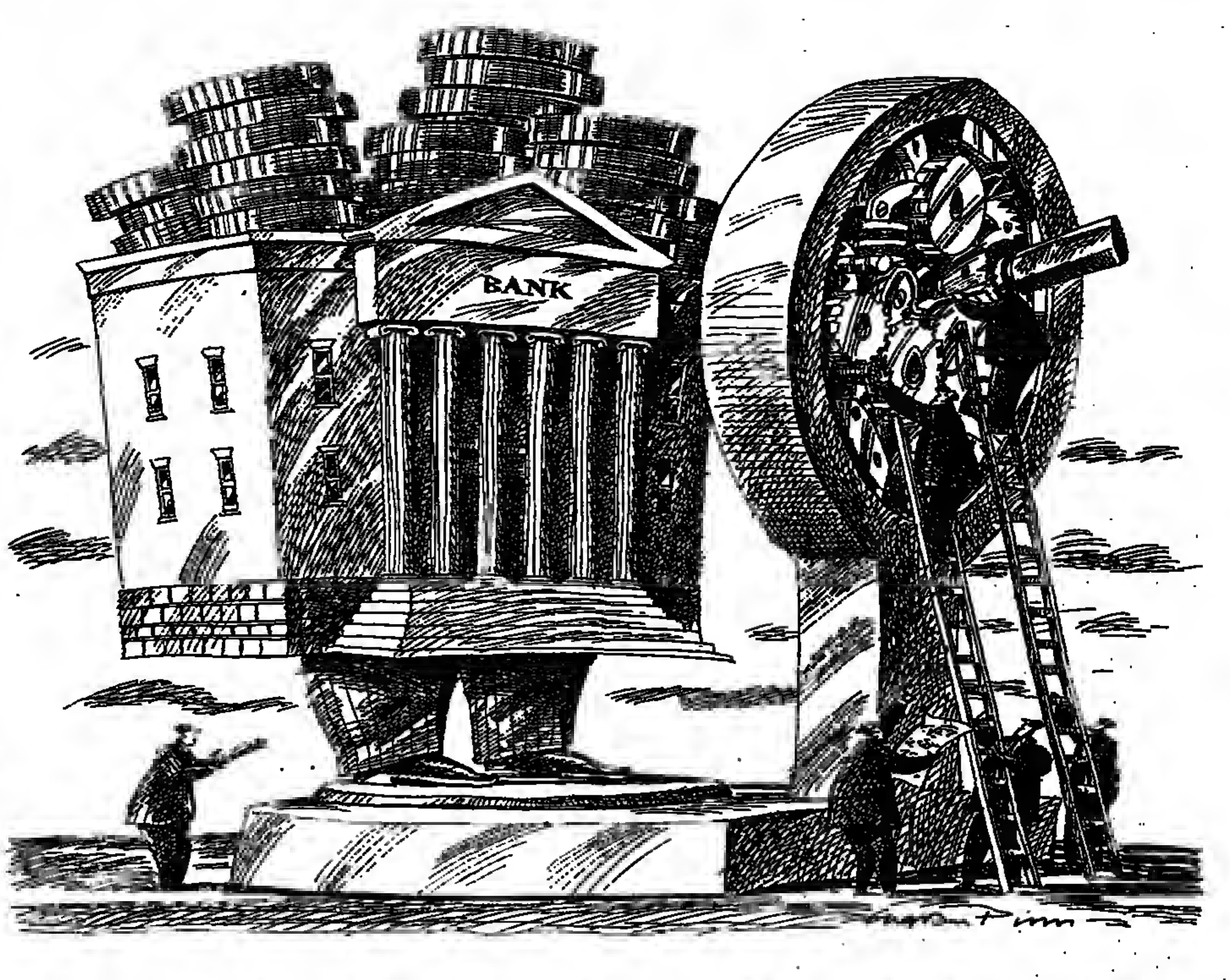
This and other changes offer the prospect of more investment, higher living standards and freedom from continuing dependence on foreign aid. But the country still remains vulnerable to swings in raw materials prices, and the burden of servicing a heavy foreign debt could still undo much of the good that has been done.

Close to two-thirds of the government's effective debt burden is owed to the Washington-based multilateral institutions; most of the rest to western governments. If these governments agree to the more significant write-offs of bilateral debt and multilateral debt now being proposed under a new initiative for highly-indebted poor countries, Bolivia's susceptibility to external shock would be much reduced.

The governments of rich countries often preach the benefits of economic reform. Bolivia's government has responded in a bold and innovative way. Now foreign government creditors should put money where their mouth is.

Bankers' weight loss

George Graham explains a new way of calculating minimum capital requirements that would better reflect the risks of lending



How much capital banks should hold to cover the risk of their loans not being repaid has long been a matter of contention among regulatory authorities. But for 10 years, almost all the world's regulators have adopted the capital adequacy rules agreed at the Bank for International Settlements in Basle.

The Basle capital adequacy rules have become such a universal benchmark that they now influence banks' decisions to a degree never dreamt of by their creators. To many bankers, however, their influence is increasingly perverse, unfairly penalising some low-risk lending while favouring other, much more dangerous types of business.

This week, J.P. Morgan, the US investment bank, launched a more sophisticated model for measuring credit risk, with the backing of several other big international banks, which it hopes bank regulators may one day accept as a substitute for the Basle formula.

One of those responsible for the new model is Mr Stephen Thieke, who – as an official at the US Federal Reserve – was involved in drafting the BIS capital adequacy ratios. Now head of risk at J.P. Morgan, he believes their day is done. "As one of the authors of the product I have to say yes, they have outlived their usefulness," he says.

The essence of the Basle formula, now also broadly adopted in the European Union's capital adequacy directive, was to require banks to hold a capital cushion amounting to at least 8 per cent of their total assets.

Assets, principally loans and securities, are weighted according to risk. Commercial loans are counted at their full value, while mortgages, because they are backed by physical property, are weighted at 50 per cent of the risk of a commercial loan. Debt from major governments is counted as zero risk.

These risk weightings were a step forward from earlier formulae used by bank regulators, which typically measured capital as a percentage of total assets, with no weightings whatsoever. But they were still crude. They made no distinction between loans to a company rated by the international credit rating agencies as triple A, such as Unilever or Toyota, and those to an owner-operated corner shop.

Nor does the formula give a bank any credit for spreading its risks over a diversified portfolio of loans. "You can have a \$100m portfolio containing one triple C asset or a \$100m portfolio containing 100 different triple A assets, and the framework requires you to hold the same capital against both," says Ms Blythe Masters, head of credit derivatives at J.P. Morgan.

Ms Susan Phillips, a governor of the Federal Reserve, points out that the rules produce "relatively crude formal capital requirements, which after all are intended only to provide for minimum capital standards".

Indeed, one of the primary purposes of the Basle agreement was simply to goad banking supervisors in France and Japan, in particular, into raising their then inadequate capital requirements.

What the Basle regulators failed to anticipate was the extent to which their ratios – designed for large international banks and meant to be calculated across their whole spread of businesses – would come to influence management decisions in individual business units.

But losses on lending in the late 1980s and early 1990s have led to a greater focus among banks, especially in the US and the UK, on the need to deliver good value to their shareholders. That means producing an acceptable return on the capital employed in their businesses.

At the same time, many of the most successful international banks are increasingly devolving responsibility for credit to individual business units. In return, they demand each unit produces a return on the capital allocated to it that meets the group's demands; those that cannot do so are sold or closed.

Most banks are, of course, aware of the distortions a blunt application of the Basle formulae could bring to their business decisions. Many use more sophisticated internal measures going by names such as return on economic capital (Roec), risk-adjusted return on capital (Raroc) or even risk-adjusted return on risk-adjusted capital (Rarorac).

Raroc models can produce a much wider range of capital requirements than the crude regulatory formula. The requirement might stretch from less than 1 per cent of the value of a triple A loan to 20 per cent or more for high-risk credits.

Barclays, one of the UK banks that has made most progress in using this kind of risk-adjusted measurement, calculates its investment banking business, BZW, really needs a capital base less than half the regulatory level set out by the Basle framework. Barclays' business banking division, on the other hand, requires 22 per cent more capital than the rules stipulate.

Barclays can smooth out these differences at group level, and it can allocate more capital than formally required to business banking to compensate for the extra risk. But it cannot allocate less than the rules dictate to a subsidiary with its own banking licence, such as BZW.

That makes it harder for an investment bank such as BZW to make an adequate return on the capital it has to employ. The same is true for mortgage lenders which also have their credit risks overstated by the Basle formula.

The CreditMetrics model launched this week by J.P. Morgan aims to build on this kind of approach by setting a market standard for measuring credit risk. The model aims to produce a single number for how much a bank stands to lose on a portfolio of credits which may have very different characteristics, and therefore how much capital it ought to hold in reserve.

The model – backed by banks such as Deutsche Morgan Grenfell, Bank of America, Swiss Bank Corporation, Union Bank of Switzerland and BZW – starts by measuring the probability that a particular credit or pool of credits will default. This is basically derived from credit ratings.

It then plots the probability that they will all turn sour at the same time. The default probability for two loans to UK property companies would be high, since both face the same market conditions. But a bank with a well-diversified portfolio would need less capital because its risks would be spread.

What the banks backing CreditMetrics would like is for the BIS in Basle to accept the use of this kind of model in assessing their capital adequacy requirements. And while this approach would have appeared outlandish when the Basle rules were being drawn up a decade ago, it is no longer out of the question.

The BIS has already agreed that, from the beginning of next year, banks may use their own models for measuring how much capital they need to hold to guard against market risk: the amount they stand to lose if financial markets move against them. The principle of using internal models has, therefore, been accepted.

Yet the regulators have so little confidence in the robustness of these market-risk models that they have stipulated that any bank wishing to use one must multiply by three the amount of capital its model says it needs. Even so, most banks believe using models would help reduce their capital requirements.

Regulators and many bank analysts are even more wary of credit-risk models, which J.P. Morgan and its allies admit are relatively untested. They fear over-reliance on advanced statistical techniques could breed what some call a "Zen banker" – one who lies back and trusts the model rather than using his own judgment.

If, for example, statistics tell you that movements in the Korean equity market are the inverse of those in the exchange rate between the Norwegian krone and the Portuguese escudo, should you let statistics rule, or should you use your judgment to say there is no rational connection between the two?

"Resting on the laurels of advanced models can indeed drive some organisations into trouble, as long as time-honoured sound lending practices are given a low priority," adds Mr Samuel Theodore, managing director in charge of European banks at credit rating agency Moody's.

The danger of overdependence on models is compounded by the fact that no one has succeeded in modelling operational risks – such as the fraud and defective internal controls that led to the collapse in 1995 of Barings, the UK investment bank.

There is, moreover, a fundamental tension between what banks and regulators want the models to do. The banks' interest in modelling springs from the belief that the models will allow them to operate with less capital. Regulators are more comfortable if capital is high.

Nevertheless, senior regulators have not slammed the door on the possibility of allowing banks to use such models for their credit risk calculations. "In five, 10 years we could be allowing banks to do that in the same way we are going to for market risks," says Mr Michael Foot, head of banking supervision at the Bank of England.

That may be longer than the three to five years Mr Thieke of J.P. Morgan would like, but it leaves the way open for banks and regulators to talk.

· OBSERVER ·

Still at the Kohl face

■ Not content with last year beating Konrad Adenauer's record as Germany's longest-serving post-war chancellor, Helmut Kohl now seems to be trying to out-last even Bismarck.

Yesterday's announcement that Kohl will fight next year's federal elections means that, in theory, he could be in office at least until 2002 – two decades after he first took the top job. The "iron chancellor" Bismarck served a mere 19 years, starting in 1871.

Of course, Kohl would frown on any direct comparison with Bismarck, whose aggressive political style helped unite Germany. Nor would he welcome parallels with Margaret Thatcher – the "iron lady" of British politics – who once famously proclaimed her determination to go "on and on" as UK prime minister.

Yesterday Kohl tried to show a little more humility than that. Speaking after his annual crusade to shed a few kilos at a mountain retreat, he explained that the decision to stand again had only been taken after talks with his family, and is conditional on support from his party and his political friends.

"It is no single decision from Mount Olympus," said the man-mountain of Germany's political landscape.

Fair cop

■ Israel's chief of police has fined himself for using his mobile phone while driving. It's not that commissioner Assaf Hefetz had a sudden attack of conscience; he owned up after a motorist who saw him cradling his phone at the wheel called a local radio station to complain.

What's it worth?

■ Rumours about the wealth of Russian premier Victor Chernomyrdin have been circulating in Moscow for years. So newspaper claims that he has amassed a \$5bn fortune since coming to office have caused a political storm.

Yesterday the premier – whose apparatchik's demeanour sits uneasily with claims that he is one of the world's richest men – launched his defence. A government spokesman said that last year Chernomyrdin was paid a modest Rbs 46.39m (\$8,000) state salary; neither does he own "estates, dachas or homes as his personal property".

Igor Shabdurasulov, head of the cabinet's press service, went further; he implicitly denied reports that Chernomyrdin owns a large slice of Gazprom, the company he once ran which controls 30 per cent of the world's known gas reserves.

Still, Chernomyrdin's account of his personal finances is unlikely to convince his Russian critics. Analysts are already pointing to a loophole in his denials; even if the premier does not own assets directly, they say, he could still control vast assets through proxies.

Strike two

■ Two years ago after falling out with Tony O'Reilly and leaving Arcon International Resources, the mining company he founded, doctor turned entrepreneur Richard Conroy is returning to the public stage. His new Irish exploration company – Conroy Diamonds & Gold – says it has identified "an exciting" gold prospect at Clontibret, County Monaghan.

Arcon, in which O'Reilly's family are big shareholders, began life as Conroy Petroleum & Natural Resources. Back in 1986 it discovered the Galmoy zinc-lead project in County Kilkenny; the mine recently started commercial production.

Finding Galmoy is not Conroy's only claim to fame; he is also a professor of physiology at the Royal College of Surgeons in Dublin, has twice been a senator in the Irish parliament and is an expert on jetlag.

The good doctor's new company – which hopes to list on London's Ofex market – has been burrowing away at an old antimony mine in Clontibret. Independent experts suggest drilling has indicated "a significant gold-bearing system". Could it be the luck of the Irish?

Model citizen

■ Movie buffs were yesterday mourning the death of film producer Tomoyuki Tanaka, creator Godzilla, the magical monster whose career paralleled Japan's recent history.

Godzilla made his debut on movie screens in 1954, awakened from the depths of the Pacific by a hydrogen bomb test, just as Japan was rebuilding from the rubble of Hiroshima and Nagasaki. Since then, Tanaka's monster has starred in 22 films – evolving, like Japan, into an enigmatic giant with ambitions to be a good citizen.

In early versions he would demolish dozens of skyscrapers before staggering back into the Pacific. Later he takes on a friendly role, foiling a plan by giant cockroaches to take over the world. Toho, the movie company with which Tanaka worked since 1940, axed Godzilla two years ago. Rumour has it that a US film company plans to bring him back.

Financial Times

100 years ago

Atlantic Passenger Traffic

New York, 3rd April. The agitation and anxiety arising out of the anticipated changes in the tariff have materially affected the amount of travel to Europe this year. The agents of the various lines of steamers complain of the poor prospects of their business. The depression in business in 1896 caused many who intended to cross the Atlantic last summer to abandon the trip, while this year the uncertainty as to the tariff has interfered, and booking will be late. The Cunard line is the only one whose steamers are fully booked in advance. The agents of the other companies tell a different tale.

50 years ago

Japanese Reparations

Washington, 3rd April. The U.S. Government has directed General Douglas MacArthur to make immediately available as reparations 30 per cent of all Japanese industrial equipment which can be removed. Britain will receive 8 per [illegible] equ[illegible] for Burma, [illegible] and her Far [illegible] the [illegible] will receive [illegible] per [illegible] cent. [illegible]

FINANCIAL TIMES
Friday April 4 1997

Ex-shipping chief guilty of $1.2bn BCCI fraud

By John Mason and Robert Rice

Mr Abbas Gokal, the former chairman of the Gulf Group shipping empire, was yesterday convicted of the largest single fraud in British history.

A jury at London's central criminal court, the Old Bailey, found him guilty of a $1.2bn fraud on the depositors of the failed Bank of Credit and Commerce International.

Mr Gokal, 61, was convicted on two counts of conspiring with senior BCCI management to obtain illegal loans totalling $1.2bn from the bank and of falsifying documents as part of an extensive cover-up.

He was remanded in custody and will be senteoced on May 6.

Mr Chris Dickson, the Serious Fraud Office lawyer who heads the BCCI inquiry team, said: "Gokal's actions have brought despair to hundreds of thousands of ordinary peopls who put their savings into BCCI."

The fortunes of BCCI and the Gulf Group had always been deeply intertwined, with Mr Gokal enjoying close personal links with the bank's founder Mr Agha Hasan Abedi.

The prosecution claimed the fraud played a significant part in the bank's collapse in 1991.

From the mid-1980s, the bank granted Gulf huge unsecured loans even though Mr Gokal and senior BCCI management knew Gulf was hopelessly insolvent.

To cover up the loans, documents were falsified on a vast scale.

In April 1987, following the appointment of accountants Price Waterhouse as auditor of all parts of BCCI, Mr Gokal and fellow conspirators created a number of shell companies to make it look as though Gulf was trading with genuine third parties. Money from BCCI was laundered through conduit accounts at two New York banks, Security Pacific and French American. The cash then went to Gulf and the companies it secretly controlled.

Part of the money was returned to BCCI to make it appear the companies were keeping up payments on their loans, and the rest was used to keep Gulf afloat.

Junior employees at Gulf'a Geneva headquarters acted as nominee directors of the companies and were made to sign thousands of fabricated documents to be presented to Price Waterhouse.

After BCCI collapsed Mr Gokal fled to Pakistan.

He was arrested in 1994 at Frankfurt while attempting to fly to the US and extradited to Britain.

Account closed, Page 8

EU warns Seoul on campaign against imports

By John Burton in Seoul

The European Union yesterday threatened to take South Korea's "frugality" campaign to the World Trade Organisation, saying it amounted to a non-tariff barrier against foreign consumer products.

South Korean media and civic groups, some financed by the government, have mounted campaigns against imports since Mr Kim Young-sam, the president, called last summer for less "luxurious consumption" to help cut the country's record current account deficit of $24bn.

Sir Leon Brittan, EU trade commissioner, said in a letter to the South Korean foreign minister yesterday: "The anti-import climate resulting from this campaign is directly damaging the interests of Korea's trading partners."

Seoul argued that the anti-import campaign had been led by citizens' groups and not the government. "Personally I think it is not appropriate to target any specific luxury items or apecific classes of people in these campaigns," said Mr Kang Kyung-shik, the Korean finance minister.

But Sir Leon cited numerous actions against foreign imports by government officials including undoe delays in customs clearance, higher import duties and excessive testing and labelling requirements.

He said administrative "harassment" by officials was so widespread and systematic that intervention by the government was now necessary to end it. Seoul should instruct officials "to apply laws and administrative provisions in an even-handed and non-discriminatory way" and discipline those who did not.

Unless Korea acts by May 15, the frugality campaign is likely to be discussed at the Organisation for Economic Co-operation and Development ministerial meeting in late May and could lead to an EU request for formal consultations under the WTO "within a few weeks".

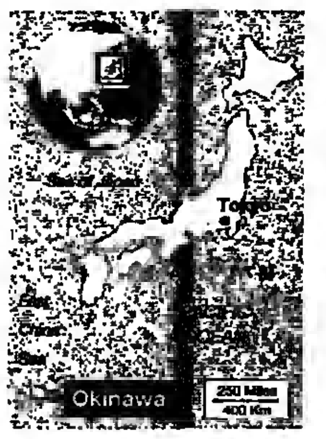
Consumer goods imports, which account for 11 per cent of Korea'a total imports, fell by 1.5 per cent in February, the first fall since July 1993, the finance and economy ministry reported yesterday. It blamed an economic slowdown rather than the frugality campaign.

"There is no doubt the Korean economy is currently in serious trouble," said Mr Kang.

The Citizens' Movement Centre for Anti-Overconsumption, the gronp leading the frugality campaign, threatened to stage a national boycott against foreign products if the EU and US continued to press Korea on the issue.

Japanese cabinet moves on leasing land to US military

By William Dawkins in Tokyo



The Japanese cabinet yesterday endorsed s controversial proposal to allow it to force landowners in the southern island of Okinawa to lease land to the US military, against bitter opposition from residents.

The plan is the biggest test for the minority Tokyo government since it took office last October, as well as another challenge for US-Japanese security relations.

The bill will go to a divided parliament today and Mr Ryutaro Hashimoto, the prims minister, wants it to become law before leaving for the US on April 24 for his next summit with President Bill Clinton.

The measure is urgent because 3,000 Okinawa leases, including one for the island's main military airfield, expire on May 14.

But Mr Hashimoto's coalition partners, the pacifist Social Democratic party and New Harbinger party, share the islanders' opposition to US bases. The prime minister's Liberal Democratic party is likely to prevail, however, with grudging support from the opposition New Frontier party – possibly at a high cost.

"I sincerely hope that Japan will not fall into s condition under which it cannot fulfil its obligations under the Japan-US security treaty," Mr Hashimoto said.

Mr Fumio Kyuma, director-general of the defence agency, Japan'e equivalent of a defence minister, added that the country would "lose the trust of the international community" if it failed to guarantee security of tenure for US troops.

Okinawa landowners have refused to renew leases, out of resentment st having to shoulder wbst they see as an unfairly large share of Japan's military burden. The Okinawa government is committed to ridding the island of US troops.

The island, 1,600km south of Tokyo, hosts two-thirds of the 47,000 US troops stationed in Japan and provides three-quarters of the Japanese territory used by the US military. It is seen by both national governments as vital to east Asian regional security.

Okinawan objections to the US military exploded two years ago after a Japanese schoolgirl was raped by three US servicemen. Public disgust spread beyond Okinawa to the rest of Japan, opening up cracks in the consensus in favour of the security pact with the US since the collapse of the Soviet Union in 1991.

French urge Airbus partners to retain plants

Continued from Page 1

German. Aerospatiale is understood to accept thet while this could change in theory, it is unlikely to do so in practice. Aerospatiale is believed to be arguing that all international organisations take nationality into account when making appointments.

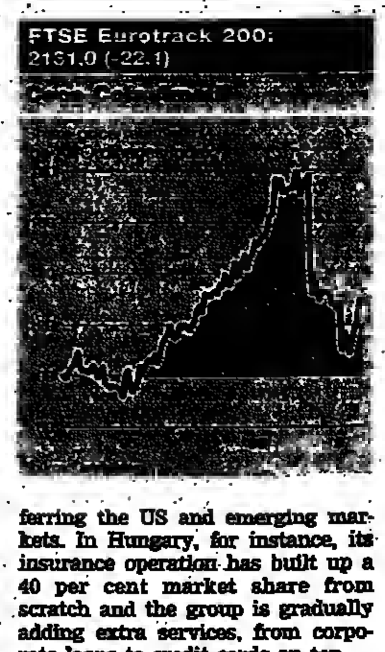
Aerospatiale's views are part of the debate over how Airbus should transform itself to compete with Boeing of the US, the world's largest aircraft maker, which itself plans to take over McDonnell Douglas.

The French group's position is that turning Airbus into a limited company is no panacea and will not antomatically equip it to compete with Boeing. French observers say there is even a possibility, albeit a tiny one, thet Aerospatiale will argue that Airbus should retain its GIE status. As a GIE, Airbus makes no profits or losses in its own name and does not publish accounts.

Aerospatiale is also understood to be arguing that each of the four partners should maintain a strong manufacturing and research presence. It is concerned that if all research is taken over by Airbus, links with research institutes and other companies in the four countries will be lost.

THE LEX COLUMN

Battling bottlers



Coca-Cola Amatil's A$3.7bn ($2.9bn) acquisition of the group's joint-venture bottling business in the Philippines continues the consolidation of Coca-Cola's distribution network. And it demonstrates again how the gronp has stolen a march on PepsiCo in the international market place. Coca-Cola bought into the Philippines bottling business in 1981 to strengthen its market position. This transaction increases its share of Filipino profits via its holding in Amatil, and Coke should make a profit as well. Moreover, the acquisition will strengthen Amatil's position as Coca-Cola's anchor bottler in Asia and the fast growing eastern European markets.

There are more deals to come in areas such as Italy and Spain, since the strategy of developing anchor bottlers has been an undoubted success. It has driven sales of Coca-Cola concentrate, while shifting the capital intensive and low margin side of the soft drinks business to a group of financially robust associates. Contrast this with PepsiCo'a performance. It recently lost its bottler in Venezuela, one of its strongest markets. Its largest non-US bottler, Baesa, goes from bad to worse. And even its successful UK associate, Britvic, is causing strategic problems – PepsiCo's partner is proving unwilling to sell out.

At least the Amatil deal has a silver lining for PepsiCo. A stronger Amatil should start pushing up soft drink prices in eastern Europe, and that will benefit its main international competitor.

ING Group

The Netherlands' ING Group is a financial supermarket thet seems to be working. Despite an eclectic business mix, encompassing Dutch banking and insurance, Latin American debt trading, Far Eastern equities and UK corporate finance, ING has produced annual compound earnings growth of 11 per cent since its 1991 creation. Last year's profits jumped a fifth and would have been higher but for very conservative provisioning.

While there is little overlap between the divisions, most are good, strongly-branded businesses in their own right, particularly Nationale Nederlanden life assurance. And there are further benefits to be had from selling NatNed policies through ING Bank branches in the Netherlands. ING has also been rightly cautious about expanding in over-banked western Europe, preferring the US and emerging markets. In Hungary, for instance, its insurance operation has built up a 40 per cent market share from scratch and the group is gradually adding extra services, from corporate loans to credit cards on top.

The worry is that ING may be about to go on an acquisition spree. A US life assurer, an investment bank, even a European retail bank – now that the euro is looming – are all on the shopping list. The record is not bad: Barings is covering its financing costs and ING walked away from a US deal last year, rather than overpay. But shareholders might like to see the management exploit the growth left in the current portfolio first.

Pharmaceuticals

Investors in drug stocks have traditionally made money through capital growth rather than dividends. This is starting to change. Switzerland's Novartis declared a 19 per cent dividend increase last month and promised to pay out 25 to 40 per cent of future earnings. Merck of the US recently announced a $5bn share buy-back, while Glaxo Wellcome is expected to distribute two thirds of its 1997 earnings.

Should shareholders want so much of their money back? In an industry which handsomely outperforms its cost of capital, surely the more funds companies reinvest the more value they will create. But companies may already be ploughing back as much as is sensible; typical spending on research and development by drug companies has more than doubled to 15 per cent of sales in the past 20 years. Meanwhile, world market growth has halved to around 6 per cent. Simple arithmetic dictates, therefore, that returns across the industry must fall. Nor is there much point in hoarding cash for acquisitions, since most companies are now so large that an agreed merger is the only practical solution. So handing back more cash to shareholders is starting to make sense.

The big US and UK drug companies already pay out 40 per cent or more of their earnings. In continental Europe, however, this kind of thinking is still sadly lacking. Astra's pay-out ratio is only 22 per cent, while Roche's is a mere 17 per cent. They should either follow the example set by Novartis or justify why they are not doing so.

Labour manifesto

If the Tory manifesto was a stodgy and occasionally over-rich pudding, the Labour party's offering is a aoufflé – elegant, but mainly supported by hot air. A gaping vacuum continues to separate Labour's grandiose rhetoric from the modest policy proposals which purport to underpin it. From a UK electoral point of view this makes obvious sense; when the party's lead looks so well-entrenched, why risk controversy by adding substance? For investors, however, the gap is inevitably troubling. There are bound to be lurking worries thet, in government, Labour's ambitions could push it into new and unpredictable policy moves.

Yet against that has to be weighed the extraordinary distance Labour has travelled. Not only does yesterday's manifesto include a paean for healthy profits; even some of the dodgier recent wheezes seem to have been quietly dropped. Labour's policy on rail privatisation has been vastly toned down. There is no mention of constraints on takeovers. As for "stakeholding", the word is conspicuously absent.

But a concrete worry remains; for all its talk of nurturing investment, Labour could end up misguidedly raiding the corporate sector to get out of the fiscal box it has locked itself into. The manifesto promises a review of the corporate and capital gains tax regimes to promote "long-termism". So if a Labour government ended up taking a crack at the pension funds' much-loved dividend tax credit, they could hardly complain they were not warned.

See additional Lex comment on United Assurance, Page 20

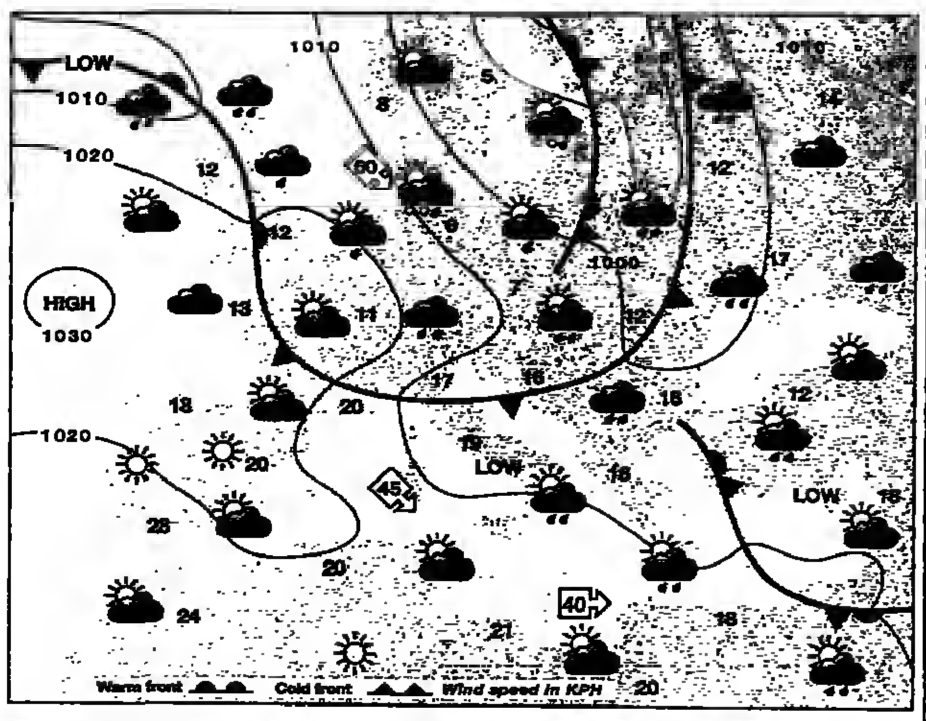
FT WEATHER GUIDE

Europe today

A north-westerly flow will push cooler air into southern Scandinavia and towards the northern slopes of the Alps and the Carpathians. Hail showers will affect northern parts of Germany and Poland. The disturbance will bring rain to western Russia, Belarus and parts of the northern Balkans. A wedge of milder air will move eastwards across the British Isles resulting in an abundance of cloud and some heavy rain in western Scotland, Wales and north-western England. Most of Italy, southern France and the Iberian peninsula will continue fine and sunny.

Five-day forecast

A front stretching from Scotland to the Alps will produce rain in England, the Benelux and most of Germany tomorrow. High pressure will promote more settled conditions on Sunday. The east and south-east will stay cool and unsettled.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum Celsius										
		Beijing	sun 17	Caracas	fair 29	Faro	sun 21	Madrid	sun 22	Rangoon	sun 37
		Belfast	rain 12	Cardiff	shower 12	Frankfurt	cloudy 11	Majorca	fair 21	Reykjavik	fair 1
Abu Dhabi	sun 28	Belgrade	shower 12	Casablanca	fair 23	Geneva	shower 15	Malta	fair 19	Rio	fair 28
Accra	cloudy 32	Berlin	hail 7	Chicago	fair 19	Gibraltar	sun 19	Manchester	rain 11	Rome	fair 18
Algiers	sun 20	Bermuda	fair 18	Cologne	shower 8	Glasgow	rain 9	Manila	fair 33	S. Frsco	sun 20
Amsterdam	fair 0	Bogota	fair 19	Dakar	sun 24	Hamburg	hail 8	Melbourne	cloudy 20	Seoul	cloudy 13
Athens	fair 19	Bombay	sun 32	Dallas	thund 24	Helsinki	shower 5	Mexico City	fair 27	Singapore	shower 31
Atlanta	sun 25	Brussels	shower 9	Delhi	cloudy 29	Hong Kong	rain 23	Miami	fair 27	Stockholm	shower 5
B. Aires	fair 19	Budapest	fair 11	Dubai	sun 27	Honolulu	fair 28	Milan	fair 19	Strasbourg	shower 13
B.ham	rain 12	C.hagen	fair 8	Dublin	shower 14	Istanbul	fair 14	Montreal	fair 8	Sydney	sun 24
Bangkok	fair 38	Cairo	sun 20	Dubrovnik	shower 19	Jakarta	fair 32	Moscow	cloudy 13	Tangier	sun 24
Barcelona	fair 19	Cape Town	sun 23	Edinburgh	rain 9	Jersey	cloudy 11	Munich	rain 8	Tel Aviv	fair 19
						Karachi	sun 31	Nairobi	fair 28	Tokyo	cloudy 20
						Kuwait	fair 32	Naples	fair 17	Toronto	sun 12
						L. Angeles	sun 21	Nassau	fair 27	Vancouver	fair 10
						Las Palmas	fair 22	New York	sun 18	Venice	fair 17
						Lima	sun 25	Nice	sun 19	Vienna	shower 8
						Lisbon	sun 26	Nicosia	shower 18	Warsaw	hail 6
						London	cloudy 13	Oslo	fair 9	Washington	fair 21
						Lux.bourg	fair 0	Paris	fair 13	Wellington	fair 18
						Lyon	shower 15	Perth	thund 25	Winnipeg	fair 10
						Madeira	shower 20	Prague	cloudy 7	Zurich	rain 11